



# **Daily Report—**

# **China**

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Friday  
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# Daily Report

## China

FBIS-CHI-93-236

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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General

**Further on Spokesman's Comments at News Briefing**

*HK1012105693 Beijing CHINA DAILY in English 10 Dec 93 p 1*

[By staff reporter He Jun: "Dialogue Urged in Korean Nuke Issue"]

[Text] China hopes that all parties concerned about the nuclear issue on the Korean Peninsula will demonstrate patience and adopt a constructive stance to facilitate dialogue, a Foreign Ministry spokesman said yesterday in Beijing.

The spokesman, Wu Jianmin, said the issue should be settled by direct dialogue between the Democratic People's Republic of Korea (DPRK) and the United States, the DPRK and the Republic of Korea (ROK), and the DPRK and the International Atomic Energy Agency (IAEA).

Commenting on Sino-Vatican relations, the spokesman said that Vatican must end its so-called diplomatic relations with Taiwan and recognize that the People's Republic of China is the sole legal government of China and Taiwan is part of China's territory.

The Vatican should also stop interfering in China's internal affairs, he added.

Commenting on a recent visit to Taiwan by an official of the Japanese Ministry of International Trade and Industry, Wu said China has consistently opposed any official contact between Taiwan and countries having diplomatic ties with China.

The Japanese Government has seriously contravened the principles and spirit of the Sino-Japanese Joint Statement and the Treaty of Peace and Friendship between the two countries, he said.

Meanwhile, Wu congratulated the newly established South African Transitional Executive Council in hopes the council will create sound conditions for the first non-racial election in South African history scheduled for April.

Wu announced that Mexico President Carlos Salinas de Gortari will pay a state visit to China from December 16 to 19.

He also expressed deep condolences over the death of President Boigny of Cote d'Ivoire (Ivory Coast).

Central Eurasia

**Volgograd Oblast Delegation Concludes Jilin Visit**

*SK0912033693 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 8 Dec 93*

[Text] Gao Yan, governor of Jilin Province, met with Russia's Volgograd Oblast delegation at the provincial government on 8 December and held a friendly talk with it. At noon that day, a ceremony was held at the Changbaishan Guesthouse to sign a protocol to establish friendly ties between the province and the oblast. Vice Governor Wei Minxue and (Qidolianko), deputy administrative head of the oblast, signed on the protocol on behalf of the governments of the province and the oblast.

After the ceremony, Vice Governor Wei Minxue hosted a farewell party for the delegation to congratulate the official signing of the protocol and the success of the delegation's visit to Jilin. (Qidolianko) expressed thanks several times for the hospitality of the Chinese side.

Attending the ceremony and the party were Gao Wen, honorary president of the provincial association of friendship with foreign countries, and responsible comrades of the provincial foreign affairs office.

During its stay in our province, the delegation visited the Changchun Tractor Plant, [words indistinct] power plant, and Jilin city. The delegation left Changchun by plane on the afternoon of 8 December to return home via Beijing.

Northeast Asia

**Zou Jiahua Meets ROK Economic Planning Board Head**

*OW1012131393 Beijing XINHUA in English 1240 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—Both China and the Republic of Korea (ROK) want to enhance bilateral economic cooperation, which already stands on a sound foundation. Chinese Vice-Premier Zou Jiahua said here today.

During a meeting with Kim Yong-tae, visiting deputy-minister of the ROK Economic Planning Board, Zou said he believed that the future of Sino-ROK economic and trade cooperation is promising.

China and the ROK can easily increase exchanges since the two countries are geographically near each other, Zou said.

The ROK has advantages in science and technology, management experience and capital, while China is rich in natural and human resources and has a huge market, Zou said. He added that if the two countries promote complementary cooperation, both will benefit.

Kim said that economic and trade cooperation between the two countries have developed rapidly since diplomatic ties were established in 1992.

Yet, he added, this is just an initial stage compared with the great potential for further ties.

Kim said he hoped that China and ROK will expand exchanges in more fields so that relations between the two countries become even closer.

Kim and his seven-member entourage arrived here Thursday [9 December] on a four-day visit as guests of the State Planning Commission. Kim and Ye Qing, vice-minister of the commission, held talks this afternoon.

### **ROK's Taegu City Mayor Meets Beijing's Li Qiyan**

*SK1012055993 Beijing BEIJING RIBAO in Chinese 3 Dec 93 p 3*

[By reporter Lian Gong (6647 0364): "Li Qiyan Meets With ROK Guests"]

[Text] Li Qiyan, mayor of Beijing, met with Yi Ui-ik, mayor of the city of Taegu of the ROK, and the city economic delegation on the evening of 2 December.

Li Qiyan extended a welcome to the guests. He said: Since China and the ROK established diplomatic ties, their relations have developed very well. Not long ago, we received the mayor of Seoul city, and Beijing and Seoul have officially established friendly ties. The ROK-funded joint ventures in Beijing now number 135. We are very pleased with this. He said: Many friends from the economic, industrial, and commercial circles of the ROK are visiting Beijing this time. It is hoped that both sides will strengthen exchanges in the economy, trade, science and technology, and urban construction and management and cooperate even more on the basis of mutual benefit.

Yi Ui-ik said that Taegu city was very happy to develop all friendly exchanges, including economic cooperation, with Beijing municipality. Taegu city is an important industrial center in the southern part of the ROK. The guests have come at the invitation of the China Council for the Promotion of International Trade to sponsor and participate in the "1993 Taegu Textiles Exhibition" and conduct investigations of the investment climate.

Vice Mayor Lu Yucheng and others were present at the meeting.

### **Sino-Japanese Circuit Board Manufacturer Set Up**

*OW1012133493 Beijing XINHUA in English 1243 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—A Sino-Japanese joint venture, the largest manufacturer of integrated circuit boards in China, went into operation here today following two years' construction.

The venture, the SGNEC Co. Ltd, is designed to manufacture 50 million such boards annually. It will be run jointly by the Shougang General Corporation and the Nippon Electric Company (NEC) of Japan. It involves a total investment of 200 million U.S. dollars, with the Chinese partner contributing 60 percent.

The venture, a top-priority construction project for the 1991- 1995 period, will introduce sophisticated technology and equipment for making large-scale integrated circuit boards from NEC.

### **Southeast Asia & Pacific**

#### **Guangxi Chairman Fetes Singapore's Lee Kuan Yew**

*HK1012034093 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 29 Nov 93*

[Excerpts] A Singapore delegation led by Senior Minister Lee Kuan Yew arrived by special plane in Beihai on 28 November for a visit to the city. Regional Chairman Cheng Kejie, Vice Chairman Lei Yu, as well as Beihai City party and government leaders welcomed the delegation at Beihai airport. Arriving on the same plane were George Yeo, minister of information and the arts and second minister of foreign affairs, and a Singapore commercial delegation.

The current survey of Beihai by a delegation personally led by Lee Kuan Yew indicates that he values highly the cooperative relations between Beihai and Singapore. [passage omitted]

That afternoon, a meeting was held in the Beihai Furama Hotel, where the Singapore guests were staying, on the situation in Guangxi and Beihai. Present at the meeting were regional party Secretary Zhao Fulin; regional Chairman Cheng Kejie; Vice Chairman Lei Yu; leaders from the regional planning commission, the regional communications department, and the regional tourist bureau; and Beihai City party and government leaders. [passage omitted]

#### **Singapore Firms Finance Bridge Building in Southwest**

*OW1012085293 Beijing XINHUA in English 0750 GMT 10 Dec 93*

[Text] Chongqing, December 10 (XINHUA)—Two big Singapore firms have decided to invest one billion yuan to build a bridge and tunnel in southwest China.

The government of Chongqing City, in southwest China's Sichuan Province, on Wednesday signed an agreement here with IPCO and another Singapore company to construct the bridge and the tunnel.

The Huanghuayuang Bridge will be the third of its kind to be built over the Jialingjiang River. It will be about 1,150 meters long, 30 meters wide.

Along with it, a 990-meter-long tunnel will also be built to go under the central part of the city and link the new bridge with another one over the Chang Jiang River.

Construction on the project will start next year, scheduled for completion in 1997.

### Bangkok Bank Opens Branch in Shanghai

OW1012041593 Beijing XINHUA in English  
0311 GMT 10 Dec 93

[Text] Shanghai, December 10 (XINHUA)—The Bangkok Bank, the largest commercial bank in Southeast Asia, opened a branch in Shanghai, China's leading industrial center, today.

This is the first bank to be set up by an ASEAN (Association of Southeast Asian Nations) country here and the second such bank on the Chinese mainland.

The first one opened to service in Shantou, one of China's five Special Economic Zones in Guangdong Province, in November last year.

Founded in 1944, the Bangkok Bank had a total capital of 29 billion U.S. dollars by the end of August this year. It has 424 branches, 405 of which are domestic.

An official of the Shanghai branch of the Bangkok Bank expressed confidence in its ability to compete and survive in China's market economy.

According to the official, there is great potential for economic cooperation between Thailand and China.

### Near East & South Asia

#### Li Ruihuan Visit, Growing Pakistan Ties Viewed

BK1012055193 Beijing China Radio International in Urdu 1600 GMT 9 Dec 93

[“Dispatch” by unidentified Islamabad-based correspondents: “China-Pakistan Friendship Grows From Generation to Generation”]

[Text] Li Ruihuan, the chairman of the Standing Committee of the Chinese People's Political Consultative Conference, paid an official and goodwill visit to our neighboring friendly country, Pakistan, from 4-9 December. Li Ruihuan and his entourage were accorded a very enthusiastic welcome wherever they went inside Pakistan. During his stay in Pakistan, Li Ruihuan held talks with President Farooq Leghari, Prime Minister Benazir Bhutto, Senate Chairman Wasim Sajjad, National Assembly Speaker Yusuf Raza Gilani, and other important leaders in a cordial atmosphere. He exchanged views with them on matters of regional and international issues of common concern as well as ways and means to further promote bilateral friendly, cooperative relations. According to the program, only 30-minutes were set aside for Li Ruihuan's meeting with Pakistan President Leghari, but when the two leaders

met, they continued to talk like old friends for more than an hour. Prime Minister Benazir Bhutto rushed to Islamabad to meet Li Ruihuan in spite of her political engagements. Senate Chairman Wasim Sajjad accompanied Li Ruihuan wherever the latter went from the beginning to the end of his visit. All of these things signified the great importance the Pakistani Government attached to Li Ruihuan's visit to Pakistan. The Islamabad-based Pakistan-China Friendship Association held a tea party in honor of Li Ruihuan and his entourage. Lahore city administration officials hosted a reception in honor of the Chinese guests, which was attended by more than 1,000 eminent personalities and representatives of various sections of Pakistani society. Colorful garlands, the pleasant smell of the roses, and the mellifluous Pakistani folk music reflected the Pakistani people's deep feelings of friendship with their Chinese counterparts and left deep impressions in the hearts of the Chinese guests.

Li Ruihuan's visit, which took place at the invitation of Pakistani Senate Chairman Wasim Sajjad, contributed greatly to the further promotion of understanding and friendship between the two countries, especially between the two parliamentary institutions, and to the expansion of bilateral cooperation in various fields. During his meeting with President Leghari, Li Ruihuan said the establishment of a peaceful and stable international atmosphere is a prerequisite for the economic development of the countries. The promotion of the friendly, cooperative relationship between China and Pakistan is a positive factor for the achievement of regional peace and stability. This will prove useful in the realization of the common objective of economic development for both countries. It is also in keeping with the basic interests of the people of the two countries. President Leghari supported Li Ruihuan's viewpoints.

During his meeting with Prime Minister Benazir Bhutto, the two leaders reviewed the Sino-Pakistani friendship that was established by virtue of the untiring efforts of the old generation leaders of the two countries. Benazir Bhutto recalled the statement of her late father, Zulfiqar Ali Bhutto who was a good friend of the Chinese people, in which he described the Sino-Pakistani friendship as being taller than the Himalayas. She said further promotion of the Pakistan-China friendship is the cornerstone of Pakistan's foreign policy. Li Ruihuan emphasized that promoting friendly relations with Pakistan is a part of China's good-neighborly and friendly foreign policy and that the third generation leaders of China under the leadership of Jiang Zemin are committed to keeping alight the torch of Pakistan-China friendship inherited from the old generation leaders. Major changes have taken place in the global scenario during the past few years and China and Pakistan have also witnessed tremendous changes in their respective internal political situations. These changes have offered a common challenge to the new generation leaders of the two countries—the challenge of developing their respective economies and raising the standards of living of the people of the two countries facing similar problems. These leaders,

therefore, realized the need for the continued development of bilateral friendly, cooperative relations for the cause of regional peace and stability. China-Pakistan friendship will continue to grow from generation to generation in accordance with the hopes of the older generation leaders of the two countries.

#### Tianjin Firm Holds Business Discussion in Nepal

*OW1012114393 Beijing XINHUA in English  
1113 GMT 10 Dec 93*

[Text] Kathmandu, December 10 (XINHUA)—China's Tianjin Machinery Import and Export Corporation are holding a business discussion here today.

Some of the export samples and pictures provided by the corporation will be displayed during the one-week business discussion to attract Nepalese businessmen interested in the Chinese products.

The purpose of the discussion is to let all the friends from the industrial and commercial circles in Nepal learn about Tianjin, the Chinese harbor city, and the commodities handled by the Tianjin Corporation so as to strengthen the friendship and promote trade between the two countries, the delegation head said at the opening ceremony.

President of the Nepal Chamber of Commerce Ishwar Lal Shrestha said that China is helping Nepal for the development in the fields of electricity, industry and transportation, and he hoped that Nepal and China could establish different industries in the country under joint ventures.

#### Sub-Saharan Africa

##### Hu Jintao Sees Pan-African Congress Delegation

*OW1012125893 Beijing XINHUA in English  
1233 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—Hu Jintao, a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC) met here this afternoon with a Pan-African Congress delegation headed by its President Clarence Makwetu.

Hu said that the CPC and the Chinese people have always sympathized with and supported the congress' just struggle for racial equality and democratic rights.

"We believe that a new, unified and democratic South Africa with no racial discrimination will be set up as a result of the long and unyielding efforts of the people of that country," Hu told the visitors in the Great Hall of the People.

The CPC and the Pan-African Congress enjoy a sound relationship, Hu said. The CPC is keen to develop mutual co-operation and friendship on the principle of

maintaining independence, full equality, mutual respect and non-interference in each other's internal affairs.

Makwetu said that the Pan-African Congress holds that the new South Africa, once established, should recognize the government of the People's Republic of China as China's sole legal government.

The delegation arrived here last Saturday at the invitation of the CPC.

#### NPC's Chen Muhua Meets Zimbabwean Deputy Speaker

*OW0712093093 Beijing XINHUA in English  
0752 GMT 7 Dec 93*

[Text] Beijing, December 7 (XINHUA)—Chen Muhua, vice-chairperson of the Chinese National People's Congress (NPC) Standing Committee, met here today with Naison Ndlozu, deputy speaker of the Zimbabwe Parliament.

Chen and Ndlozu exchanged views on how to enhance the friendly relationship between the two countries and the two congresses.

Ndlozu is here en route to the Democratic People's Republic of Korea (DPRK).

#### East Europe

##### Li Peng Receives Romanian Parliament Official

*OW0812143193 Beijing XINHUA in English  
1300 GMT 8 Dec 93*

[Text] Beijing, December 8 (XINHUA)—Chinese Premier Li Peng met and had a friendly talk with Adrian Nastase, president of the Romanian Chamber of Deputies [as received], on bilateral relations at the state guesthouse here today.

Li said that in recent years Sino-Romanian relations have not only been resumed but also improved. Contacts and co-operation between the two countries' parliaments are an important part of bilateral relations, playing a positive role in enhancing mutual understanding and friendship between the two peoples, he said.

Li reiterated that the Chinese Government and people attach great importance to their traditional friendship with Romania, and it has been China's consistent policy to consolidate and develop such relations in every field.

People in every country have the right to select the road of development which accords with their own national condition, Li said, adding that China has always abided by the five principles of peaceful co-existence in developing its relations with other countries despite different ideologies and social systems.

During the meeting Nastase briefed Li on the current situation in Romania.

He said the political situation in Romania is becoming more stable, and the country is focusing its efforts on economic construction in the process of reform.

He said the Romanian Chamber of Deputies is willing to make continuous efforts to improve Sino-Romanian friendly relations.

Nastase conveyed an invitation from Romanian President Ion Iliescu to Premier Li to visit Romania, which Li accepted with pleasure.

Among those present at the meeting was Vice-Chairman Lu Jiaxi of the Standing Committee of China's National People's Congress.

#### Zhang Wannian Meets Romanian Defense Minister

*OW1012123993 Beijing XINHUA in English  
1146 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—General Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army (PLA), met with and feted N. Spiroiu, visiting Romanian minister of national defence, and his party here this evening.

During their stay in China, Spiroiu and his party have visited Beijing, Qingdao and Shenzhen. They are scheduled to leave here for home tomorrow.

#### Latin America & Caribbean

##### Uruguayan President 'Satisfied' With China Visit

*HK0912153393 Beijing XINHUA Domestic Service in Chinese 0257 GMT 8 Dec 93*

[By reporter Liang Rongke (2733 2837 4430)]

[Text] Montevideo, 7 Dec (XINHUA)—Uruguayan President Herrera Lacalle returned home today after his six-day official visit to China. He told reporters at the airport that he was satisfied with the results scored in his visit to China.

Lacalle said: This is a very important visit—a visit to a country whose economy is the most rapidly developing in the world. "The economy of the Pacific region is full of vigor and vitality, and is playing an increasingly significant role in the world," he added.

He said finally that in both trade and in the political area, he was satisfied with the achievements scored by this visit.

#### Mutual Visa Exemption Accord Signed With Uruguay

*OW0812042193 Beijing XINHUA in English  
0326 GMT 8 Dec 93*

[Text] Beijing, December 8 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen and Uruguayan Foreign Minister Sergio Abreu signed an agreement of mutual visa exemption on behalf of their respective governments here on December 2.

The agreement will go into force on January 1, 1994.

The agreement specifies that: A citizen of China or Uruguay holding effective Chinese or Uruguayan passport and his or her spouse and children under legal age holding the same passport are exempted from entrance, exit and transit visas at the other country's ports open to international travelers.

According to the agreement, those who want to stay in the other country for more than 30 days are obliged to apply for permission for longer stays through their country's embassy to the organization concerned in the other country and act in compliance with its decision.

#### Economic, Trade Document Signed With Argentina

*OW0812114193 Beijing XINHUA in English  
1106 GMT 8 Dec 93*

[Text] Beijing, December 8 (XINHUA)—China welcomes Argentine companies to compete in the Chinese market by increasing their exports and investments, according to a summary of talks signed here today.

Zheng Silin, Chinese vice-minister of foreign trade and economic cooperation, and Hector Gambarotta, state secretary of the International Economic Relations Department of Argentina's Foreign Ministry, signed the summary of the discussions of the 10th session of the Sino-Argentine Governmental Mixed Group for Trade and Economics.

The Argentine side expressed the hope that Argentina will export more grain, harbor equipment, machinery and electrical products to China, while the Chinese side said that as long as the Argentine products are competitive, they will find a large market in China, the document says.

The two sides also discussed issues concerning the processing of Argentine raw materials in China.

Argentina has become one of China's largest import and export partners in Latin America, according to official sources.

**Political & Social****Li Ruihuan in Chengdu After Ending South Asia Trip**

*OW0912131193 Beijing XINHUA in English  
1226 GMT 9 Dec 93*

[Text] Chengdu, December 9 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), arrived here from Karachi by special plane today after his successful visit to Nepal, India and Pakistan.

Li and his entourage were greeted at the airport by Xie Shijie, secretary of the Sichuan Provincial Party Committee, Xiao Yang, governor of the province, Yang Xizong, chairman of the provincial people's congress standing committee, and Ni Ronggui, chairman of the provincial committee of the CPPCC.

Li and his entourage will make a stopover here before returning to Beijing.

**Tian Jiyun Comments During Hainan Inspection**

*OW0912142193 Beijing XINHUA Domestic Service in Chinese 1131 GMT 3 Dec 93*

[By HAINAN RIBAO reporter Huang Juan (7806 1227) and XINHUA reporter Xu Jinpeng (1776 6855 7720)]

[Text] Haikou, 3 Dec (XINHUA)—Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice chairman of the Standing Committee of the National People's Congress, inspected work in Hainan Province from 24 November to 3 December. He emphatically pointed out the need to pay attention to the uneven economic situation under the cover of the average income of peasants and to firmly grasp the work of helping poor people.

Tian Jiyun went to Li Village of Baoban Town in Hainan's Dongfang Li Autonomous Prefecture, where he visited homes of Fu Zhongbiao, Ji Ameng, and Bao Jiangping, who are peasants of Li nationality living thatched cottages. Tian Jiyun held cordial talks with them, observed their food and dishes, furnitures and clothing, and carefully inquired about their production and living conditions. The village has 98 peasant households who are engaged in the production of rice, sugarcane, sisal hemp and tropical fruits. In 1992, the villagers' average per capita income was 510 yuan. Although the figure was higher relative to previous years, the villagers' life is still very poor. Some peasant families now still cannot completely solve their problem of inadequate food and clothing.

Vice Chairman Tian Jiyun said: It has been 15 years now since the convocation of the Third Plenary Session of the 11th CPC Central Committee. Guided by the line of reform and opening up, great changes have taken place in our country and people's living standard has been greatly improved. This is the main situation. However,

we should also see that under the situation of rapid economic development in the whole country, there are still some poor corners where the people still cannot obtain adequate food and clothing. There are seven years' time to reach the goal of having all people lead a fairly comfortable life by the end of this century. What should be the next step to improve the economic condition of those poor corners is a very practical issue. Therefore, we must not slacken our efforts to help the poor people. We should not only see the imbalance of development in different localities but also pay attention to the imbalance of income among peasants which is covered up by the average income of peasants. We must prevent the practice of using the average income to cover up the situation of imbalance of income among peasants and of overlooking those poor corners and poor peasant families. Leading cadres should frequently visit those places and study ways and means to help poor peasants improve their economic condition and become rich. We must not just focus our attention on economically developed areas. The production conditions in Hainan's rural areas are much better than border and remote areas in China's northwest region. Hainan has large areas of land which can be reclaimed and also has abundant rainfall. If we can help them with some funds, improve guidance and services for them and lead them to work hard for several years, there is hope that they can improve their economic situation and lead a relatively comfortable life.

During his inspection in Hainan, Tian Jiyun also visited Dengmai Meiting Agricultural Science and Technology Development Experimental Station and Yangpu Economic Development Zone. The Meiting Agricultural Science and Technology Development Experimental Station has explored new models for agricultural development by "linking companies with peasants and land and absorbing funds from cities to invest in high-tech agriculture." At Yangpu Economic Development Zone, Tian Jiyun said: The development of Yangpu is a key step in Hainan's economic construction, and we must not change the direction. From now to the year 2000 will be a critical period for the development. It is a rare opportunity and we must not lose the chance. Therefore, we must resolutely promote the development of Yangpu so as to lead Hainan's economic takeoff.

In Haikou, Comrade Tian Jiyun heard a report by Du Qinglin, chairman of the Standing Committee of the Hainan Provincial People's Congress, and visited deputies who were attending the Fifth Session of the First Hainan Provincial People's Congress. Tian Jiyun pointed out that Hainan has relatively greater power in local legislation and so its tasks of legislation is heavier than other places, noting the need to speed up legislation work and to improve the legal system in the special economic zone.

**Xinjiang Secretary on Importance of Stability**

*HK0912125393 Beijing RENMIN RIBAO in Chinese  
7 Dec 93 p 1*

[Article by staff reporter Chen Weiwei (7115 4850 0251) from the "Leading Cadres Study the Selected Works of

*Deng Xiaoping*" column: "The Premise Is To Adhere to the Center, Stability Is the Top Priority—Interviewing Song Hanliang, Secretary of Xinjiang Uygur Autonomous Region CPC Committee"; first paragraph is RENMIN RIBAO editor's note]

[Text] In order to coordinate with the study of Volume 3 of the *Selected Works of Deng Xiaoping*, this newspaper is beginning a column entitled "Leading Cadres Study the *Selected Works of Deng Xiaoping*, to publish interviews conducted by reporters with over 10 leading comrades at the provincial and from studying *Selected Works of Deng Xiaoping*. The first article is published today, and this kind of special interview will be published successively on page three in the days to come.

Comrade Song Hanliang, who is attending a provincial and ministerial study class at the Central Party School, said with deep feelings: "We can really gain much benefit by devoting ourselves to reading Volume 3 of the *Selected Works of Deng Xiaoping*, which is very essential to reviewing the past, summing up the present, and guiding the future."

In Comrade Song Hanliang's dormitory, scraps of papers were put in between the leaves of a copy of the *Selected Works of Deng Xiaoping* on the desk, his notebook was filled with small and closely written remarks on studying Deng's works, and various theoretical articles published in newspapers and journals, as well as supplementary materials, had been clipped and pasted into his thick reference book....

This reporter asked: "It seems that Secretary Song must have gained a lot. Would you please talk to us in a concise way?"

After pondering a while, Song Hanliang said slowly: "I come from Xinjiang. This is a region of national minorities with a border of 5,400 km, and it is natural that social and political stability is an outstanding problem. However, we can never forget the premise of "treating economic construction as the center" when we pay attention to stability. I have a clearer understanding of this point through studying Volume 3 of the *Selected Works of Xiaoping*."

Then, Song Hanliang said: "The idea of putting economic construction at the center is set forth after summing up both the positive and the negative sides of our party's experience. It is required to consolidate the socialist system as well as the common aspirations of the people of various nationalities in our country. As far as minority nationality regions are concerned, successful economic construction is the basis for achieving nationality unity and promoting political stability. In other words, we must rely on economic construction and the development of the productive forces to settle every problem. We must have a clear understanding and never waver on this point."

In recent years, separatist elements inside and outside our country have coordinated with each other to create

disturbances. Regarding these matters, Song Hanliang said: "We should have a correct general assessment of these matters, which reflects the class struggle within certain limits rather than the class struggle as a whole. On the one hand, we must never lower our guard; on the other hand, we must never waver from the center of economic construction because of the disturbances. For example, the Urumqi border trade talks were successfully held last August as usual, and the scale and turnover greatly surpassed that of last year. This year, bumper harvests were gathered for 16 years running, steady industrial growth has been achieved, the pace of opening up to the outside world has been accelerated, and a scene of prosperity in economic construction has appeared."

The ideas of "treating economic construction as the center" and "regarding development as the last word" are Comrade Deng Xiaoping's consistent thinking, as well as the core and principal parts of the party's basic line. However, Comrade Deng Xiaoping has stressed on many occasions that "China cannot afford chaos," "the key to the problem is stability," "stability is the top priority," and so on. Then, how do we comprehend the dialectical relationship between both sides of these arguments? Song Hanliang said: "We must grasp it by looking at Comrade Xiaoping's overall theoretical system. We cannot have a profound understanding or even make a mistake if we merely pay attention to a few isolated words and phrases. As far as I can understand, political and social stability is the basic guarantee of economic construction. If we do not have a political situation of stability and do not overcome obstacles, there is no way to carry out the policy of reform, opening up, and economic construction, and we will be deprived of the achievements we have scored. Under this premise, stability is the top priority. As far as existing unstable factors are concerned, we cannot, on the one hand, exaggerate them and regard them as too serious than they should be or even give up our central work; however, on the other hand, we cannot ignore them and lower our guard, otherwise, the center of economic construction will also be adversely affected if we allow unstable factors to spread unchecked and run wild."

At that moment, Comrade Song Hanliang stood up from the sofa, paced up and down, and was lost in thought for a while. Then he turned around and said to this reporter: "Xinjiang has undergone reform and opening up for 15 years. We have achieved results precisely because we have taken a fast hold of the center of economic construction, treated the work of maintaining stability as an important task, nipped hidden dangers in the bud, and guaranteed adequate maintenance and supplies for the central work."

Comrade Song Hanliang said finally: "Comrade Xiaoping's thinking is imbued with the brilliance of materialist dialectics: we must have a profound understanding of its spirit and essence and grasp its basic viewpoints from the overall system. All these have profound significance to the practice of guiding the work of the whole party."

**Jilin Secretary Attends Forum For Mao's Birthday**

*SK1012061693 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 9 Dec 93*

[Excerpts] The broad masses of theoretical workers in the province have cherished the memory of Comrade Mao Zedong's great achievements, insisted on and developed Mao Zedong Thought, and used Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to guide the work in various spheres.

A symposium on marking Comrade Mao Zedong's 100th birthday to express the respect to Comrade Mao Zedong was held in Changchun from 7 to 9 December. This symposium was cosponsored by the propaganda department of the provincial party committee, the party history research center of the provincial party committee, the provincial federation of social sciences, and the provincial party history society. He Zhukang, secretary of the provincial party committee; Zhang Yueqi, deputy secretary of the provincial party committee and vice governor of the provincial government; Shang Zhenling, vice chairman of the provincial people's congress standing committee; and Hu Houjun, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference, attended the opening ceremony. More than 120 specialists and scholars of social science circles attended the symposium. Xu Zhongtian, member of the standing committee of the provincial party committee and director of the provincial propaganda department, chaired the opening ceremony. Zhang Yueqi, deputy secretary of the provincial party committee and vice governor of the provincial government, made an important speech at the symposium.

He said: Mao Zedong is a historical giant who was raised in the land of China. His name is closely related to the liberation struggle of the Chinese people and the fate of the Chinese people. After the convocation of the Zunyi meeting in 1935, Mao Zedong became the nucleus of the CPC leading collective. During his life, he performed countless meritorious deeds for the Chinese people and the CPC, including two prominently great matters. First, he guided the Chinese people to win a victory in China's New Democratic Revolution. Second, he guided the Chinese people to make great explorations in the socialist revolution and construction and set up the socialist system in such a country with the largest population in the world as China. By linking the general principles of Marxism and Leninism with the specific practice of the Chinese revolution, Comrade Mao Zedong formed Mao Zedong Thought. This thought has taken root in the hearts of thousands of millions of the people. The thinking, style, and special languages of Mao Zedong Thought have cultivated the people of a generation and will affect the coming generations for a long period of time. [passage omitted]

He urged that the social science workers across the province should observe the basic principles of Mao Zedong Thought, strengthen research work, make more

higher-level achievements, and make due contributions to enlivening social sciences and building Jilin into a developed near-the-sea, border province.

Closely in line with the major subjects of the symposium, the comrades participating in the symposium enthusiastically vied with one another to make speeches and explored deeply from the angles of politics, economics, military affairs, education, and foreign relations to discuss Comrade Mao Zedong's career, cause, works, and ideas, and the theory on building socialism with Chinese characteristics.

Xu Zhongtian, member of the provincial party committee standing committee and director of the propaganda department of the provincial party committee, made a speech before the conclusion of the symposium. He set forth three opinions on the study of Mao Zedong Thought and Deng Xiaoping's theory on building socialism with Chinese characteristics in the foreseeable future. First, on the basis of accurately and completely understanding Mao Zedong Thought, we should expand the scale of study, upgrade the level of study, and make pioneering achievements. Second, we should accurately understand that Deng Xiaoping's theory on building socialism with Chinese characteristics inherits Mao Zedong Thought. Third, deeply studying and disseminating Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is an urgent task for the broad masses of theoretical workers.

**Changsha Townsfolk Share Memories of Mao Zedong**

*OW1012081093 Beijing XINHUA in English  
0632 GMT 10 Dec 93*

[By Wu Yuchui and Liu Zhiqian]

[Text] Changsha, December 10 (XINHUA)—Mao Zedong, although unwilling to do favors for his relatives and old friends by using his power, was a compassionate person, according to old people in his hometown.

True stories on how Mao warmly received his townspeople have spread far and wide not only in his hometown but also in nearby cities in Hunan, his native province.

The late Chinese leader received at least 40 hometown acquaintances in Beijing between the 1950s and 60s. Most of these "distinguished guests" of Mao's were local peasants, including his relatives, his former teachers, classmates, old friends and neighbors.

Most of these people have died and the survivors are now in their late 70s or early 80s. Recalling their meetings with Mao, they can tell many details and even remember how Mao made jokes and quips. But they seem in the least to show off their contacts with Mao, though they don't hide their great respect for him.

The first person from Mao's hometown who went to Beijing to visit him was Mao Zelian, the only survivor of Mao's ten cousins. He is 20 years younger than Mao. It was in October 1949, right after Mao presided over the founding ceremony of the People's Republic.

The 80-year-old peasant still has a good memory and lives in the old residence of his ancestors, a simple and crude house which is about a kilometer away from Mao's former residence in the small town. On one of the walls in the central room hang three photos of Mao, one of which was given to him by Mao personally at their first meeting in Beijing.

Zelian visited Mao 11 times in Beijing. From their first meeting he called Mao "chairman brother," and Mao called him "ninth brother" because he is the ninth in seniority among Mao's brothers and cousins.

The first meeting was their get-together after 22 years. The younger Mao said that it was Mao's "pure local accent" which immediately brought together the chairman and the ordinary peasant.

All townsfolk who once met Mao mentioned Mao's unadulterated local accent. Although the government had long promoted "putonghua" or standard Mandarin, Mao himself never mastered the "official speech" as local people call it. His strong local accent, although it caused some difficulties for his colleagues and especially his interpreters, touched the hearts of his townsfolk.

Mao Zelian recalled that the "chairman brother" showed great concern for his eye disease during their first meeting. Mao sent his son and secretary to accompany the younger Mao to a hospital and urged him to "follow the instructions of the doctors." Mao also found a dentist of Hunan origin so that his cousin's local dialect could be understood.

Mao Aigui, a neighbor in Mao's youth was invited to visit Mao in the mid-1950s. Earlier, in 1950, Aigui wrote a letter to Mao, enquiring about his brother's whereabouts after taking part in the revolution Mao led. A month later he received a letter hand-written by Mao. The letter was passed from hand to hand among the local people until it became illegible. But Mao Aigui, now 80 and blind, still remembers every word of it.

Recalling his meeting with Mao, the old man said that the "chairman", keen on the "real situation in the countryside," encouraged him to describe what was happening in his hometown.

Other old people who met Mao also had similar experiences.

In fact, inviting townsfolk to Beijing or encouraging them to write to him was one of Mao's channels to know the situation in the countryside. But he never interfered in local affairs on the basis of information he obtained this way. He wrote to an old friend in his hometown in

1953, saying that "on local affairs, I only gather information as my reference. I don't want to and should not deal with ordinary local matters."

The old people still remember the gifts they received from Mao. As the local peasants were very poor in those days, Mao's gifts were practical, such as cotton-quilted jackets, cotton-padded shoes and hats, bedding, socks, leather cases, dress material and even pillows, towels and toothbrushes. For people older than him or his teachers, he gave woollen overcoats, walking sticks and spectacles. Mao himself made arrangements for buying these gifts and the money came from his own salary or earnings from his books. The expenses of his visitors in Beijing were also paid by Mao.

However, Mao always politely refused to do favors for his relatives and old friends when they asked for an official position or a chance for their children to go to school. In a letter written in 1954 to an old friend, who was seeking an official position, Mao turned down the request, simply saying: "I don't want to give recommendations."

#### Deng's Works Cause 'Great Waves' Among Old Guard

HK1012130093 Hong Kong CHENG MING in Chinese No 194, 1 Dec 93 pp 16-17

[By Tsung Lan-hai (1350 5663 3189): "Great Waves Arise Along With Publication of Volume 3 of Selected Works of Deng Xiaoping"]

[Text]Chen Yun Opposed Release of CPC Veterans' Remarks on the Publication of Volume 3 of the Selected Works of Deng Xiaoping

The publication of Volume 3 of the *Selected Works of Deng Xiaoping* [*Selected Works*] evoked much controversy in Zhongnanhai.

The simultaneous release of central leaders' and CPC veterans' remarks and articles on the publication of the *Selected Works* on 3 November, as originally scheduled, was canceled because there were opposing voices, even an adverse current, against the publication. It is learned that Chen Yun expressed the following viewpoint: "The basic party line was determined by the party congress. It is the CPC which is the key leading force for our cause and it is Marxism-Leninism which is the theoretical basis of our ideological guide (Note: Mao Zedong once said: 'It is the CPC which is the key leading force of our cause and it is Marxism-Leninism which is the theoretical basis of our ideological guide'). These are the cardinal principles. The selection of works and writings by Comrade Deng Xiaoping are a part of the ideology and theory. This is my opinion." The target of Chen Yun's remarks is very clear.

**Song Renqiong: Deng Theory Cannot Replace the Basic Theory of Marxism-Leninism**

Song Renqiong's opinion was more open. While attending the tea party held by the Central CPC Secretariat on 2 November he said: It is a basic task for the whole party to study Marxism-Leninism-Mao Zedong Thought. Over the past few years, we have not mentioned it or sometimes mentioned it to gloss over someone's mistakes. It does not conform to the basic party line and will lead to ideological confusion within our party because we are not guided by a correct ideological theory. The present situations which have arisen within our party and in economic construction are precisely attributed to the lack of a common ideological guide. Comrade Deng Xiaoping's theory on building cannot replace the basic theory of Marxism-Leninism and only plays a practical guiding role in China at the present stage. The ideological trend of negating Marxism-Leninism-Mao Zedong Thought within our party, from the central down to local levels, is extremely dangerous.

Deng Xiaoping's faction believe that, for the sake of reform and opening up, it is necessary to unify the whole party through Deng Xiaoping's theory of "building socialism with Chinese characteristics." However, Chen Yun and Song Renqiong spoke against this, either covertly or overtly, which was certainly a setback for the propaganda on the *Selected Works*.

Song Renqiong attended the report meeting on studying the *Selected Works* organized by the CPC Central Committee on 2 November as well as the tea party arranged by the CPC Central Secretariat, which was held prior to the report meeting. However, Song Renqiong left while the report meeting was in progress.

**Nine Members of the Former CPC Central Advisory Committee Standing Committee Did Not Attend the Report Meeting on the *Selected Works***

The report meeting was held on the eve of the Third Plenary Session of the CPC Central Committee, at a time when there was a divergence of opinion within the party on the orientation of current reform and opening up and such an arrangement had special significance. On the eve of the report meeting, Yang Shangkun, Bo Yibo, and Wan Li had contacted some "staunch Marxists-Leninists," urging them to attend the meeting to show the whole party's unanimity. However, nine members of the former CPC Central Advisory Committee Standing Committee were still absent from the meeting.

At the report meeting, when Jiang Zemin and Li Peng made their speeches and Hu Jintao read out "The CPC Central Committee's Decision on Studying the *Selected Works*" there were six rounds of applause. However, Song Renqiong never clapped his hands (shots of Song Renqiong were cut out by Central Television). Afterwards, Song Renqiong left while the meeting was still in progress, saying that he was not feeling very well. However, some meeting participants said that this might have actually been a boycott of the report meeting.

**"Deng Xiaoping Theory Betrays Marxism"**

It has been learned that following the publication of the *Selected Works* the Propaganda Department of the CPC Central Committee, RENMIN RIBAO, QIUSHI, and GUANGMING RIBAO received more than 1,100 letters. Over 180 of these asked: "Is Marxism-Leninism-Mao Zedong Thought outdated or is it a failure in China?" "Whether or not the theoretical basis of the CPC is to abolish Marxism-Leninism?" "Whether or not the basic party line is still essential?" "Does Deng Xiaoping theory betray Marxism?" "The *Selected Works* is a negative example of anti-Marxism." "Now is the time to reconstruct the Marxist Party."

The CPC Central Committee General Office published the "Exchange of Circumstances" [qing kuang jiao liu 1906 0400 0074 3177] on 6 November to report the situation. The report said that some of the letters were signed and that among the signed letters, some were signed by "members of the Communist Party," whereas some others were signed by party organizations.

***My Father, Deng Xiaoping Was Criticized by the Ultra-Leftists***

The *Selected Works* was not only challenged by the diehards but, before that, the publication of *My Father Deng Xiaoping* was also criticized by the ultra-leftists.

The biography *My Father, Deng Xiaoping*, which was written by Deng Xiaoping's daughter, has caused widespread repercussions inside and outside the country and sales have exceeded 40,000 copies. It has been learned that the fees from the domestic edition alone are up to 600,000 yuan, part of which has been donated to the "Project Hope." At the meeting on the life of central organs held in late September, Deng Liqun, one of the ultra-leftists, talked about the book *My Father, Deng Xiaoping*: "I do not know whether or not Comrade Xiaoping consented to the description of Mao Zedong in Chapter 65. How could the CPC go through 50 years under the leadership of an ultra-leftist leader? How could the New China go through 27 years under the leadership of a leader who made so many mistakes?"

Mao Mao, Deng's daughter, wrote in Chapter 65 of the book: In January 1975, Mao Zedong entrusted Deng Xiaoping with the important posts of vice chairman of the CPC Central Committee, vice premier of the State Council, vice chairman of the CPC Central Military Commission, and chief of the People's Liberation Army General Staff Headquarters... What was presented to him (Deng) was a desolate scene devastated by the "Cultural Revolution"... Acting with a sense of responsibility toward the future and destiny of his disaster-ridden country and with the support of Zhou Enlai, he was duty-bound to make a prompt decision and utilize the power granted by Mao Zedong to start fully rectifying the aftermath of the "Cultural Revolution"... He met with strong opposition from Jiang Qing, Mao Zedong's wife, and others. Deng Xiaoping and Jiang Qing's "Gang of Four" formed two irreconcilable and antagonistic

forces in China's political arena. Mao Zedong was wise and brilliant throughout his life but his later years were full of mistakes and sorrows. He put his weight in the balance onto the side of the "gang of four." At that time, only his relatives and trusted followers were left behind.

It was believed that Deng Xiaoping must have agreed with these remarks made by Mao Mao. Would Deng Liqun not regard what Mao Mao had said as facts?

#### The Anti-Deng Line Will Take the Offensive Unceasingly

Song Renqiong also made some remarks, which were even more open. He sent some chapters of the book to the CPC Central Secretariat and asked: "Was the book examined before it was published? As the book was published by the Central Documentation Publishing House, it shows that the Central Party Committee agrees with this appraisal of Mao Zedong. The other side of the Strait (Taiwan) is praising this book, indicating that there are some problems."

Although the "Decision" by the Third Plenary Session of the 14th CPC Central Committee called the whole party to do this or do that under the "guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics," the abovementioned signs indicate that controversy still exists in Zhongnanhai and the anti-Deng line will take the offensive unceasingly.

#### TV Lecture Series on Deng Theory, Part 9 *OW1012081293*

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 0805 GMT on 8 December transmits the ninth in a series of 13 lectures on "Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics." The eighth part of this series was published in the Political & Social section of the 8 December China DAILY REPORT, page 22. The ninth lecture, entitled "New Characteristics of the International Situation and New Developments in China's Foreign Policy," is given by Min Fanlu, deputy editor in chief and senior editor of the XINHUA News Agency.

Min begins the lecture by citing Deng on external conditions for socialist construction, saying that "the questions of peace and development are the two top priorities on the international agenda. We must adhere to an independent foreign policy of peace and try to create a favorable international environment for our socialist modernization drive. It is essential for us to open to the outside world. This is indispensable to reform and to economic development. We should also develop socialism by absorbing and utilizing all advanced fruits of civilization created by various countries in the world, including the developed capitalist countries. Self-confinement can only lead to backwardness."

Then, he discusses the current world situation characterized, among other changes, by the ending of the bipolar

structure and realignment of forces, the emergence of factors for instability in certain regions, the fierce economic competition between nations, and the widening gap between the developed and the Third World countries. Noting that gone are the days of dominance by the two superpowers, he points out that the formation of multipolarization in the world today should help promote peace and development, which are interdependent. However, he maintains that "the gravest obstacle to peace and development comes from hegemonism and power politics. Following the end of the Gulf War and the disintegration of the Soviet Union, U.S. President Bush proposed the establishment of a new international political order, which actually is an attempt by the United States to dominate the world. As President Bush put it, the United States should assume the responsibility of leading the world." He adds: "The practice of the development of the world situation shows that the only remaining superpower's tendency for power politics and hegemonism merits people's attention. It has often wilfully criticized and interfered with other countries, or imposed sanctions or pressure on other countries under the pretext of human rights. This can only cause tension in the situation. Therefore, if hegemonism remains unopposed, it will be difficult to realize peace and development. This is why China's foreign policy has all along upheld the banner of opposing hegemonism and maintaining world peace."

Stressing the "three not's" in China's foreign policy, that is, China does not seek hegemony, to form alliances with other countries, or to yield to pressure from foreign countries, Min concludes the lecture by extolling Deng's thesis on external conditions for socialist construction as farsighted and significant for guiding China's modernization drive.

#### Wei Jingsheng's 'Letters Written in Prison'

##### 1979 Instrument of Appeal—Part One

*HK1012090693 Hong Kong LIEN HO PAO in Chinese  
8 Dec 93 p 10*

[["Letters Written in Prison" by Wei Jingsheng: "The October 1979 Instrument of Appeal (Part 1 of 2)"]]

##### [Text] No Secret Leaked in Talking to Foreigners

Yours respectfully, the Beijing Municipal Higher People's Court:

I am not convinced of the verdict passed on me by the Beijing Municipal Intermediate People's Court, therefore, I am appealing to your court. I lodge the appeal on the following grounds:

1. Yesterday, I was lucky enough to see the newly promulgated "Law on Criminal Prosecution." When reading the section concerning witness testimony, I noticed that any recording of an eavesdropping nature was not included in the law. I think this stipulation is a wise one, because it is very easy to forge or remake a

recording. Hence, a recording should not be used as an exhibit. The intermediate people's court, however, has done precisely that.

Even if a witness presents his testimony to the court, he must make a pledge and go into details by confronting the accused. His testimony can be treated as evidence only if it has been proven genuine. The intermediate court, however, simply declared on grounds of secrecy: "Our investigation has verified that Wei Jingsheng furnished foreigners with military secrets." This is unfair.

2. As far as I can understand, both the "Criminal Law" and the "Regulations Regarding the Punishment of Counterrevolutionaries" expressly state that any act of "prying, furnishing, and stealing information" is considered "treason," and any act of "furnishing a foreign enemy with information" constitutes the crime of espionage. In both cases, only when the target to whom the information is furnished is an enemy can the act constitute a crime. This is the major condition which constitutes treason. However, the targets to whom I spoke were reporters and diplomats from friendly countries and could not, in any case, be considered as enemies. Hence, the first condition of treason did not exist. Moreover, the argument related to "indirectly furnishing" information to foreigners, as stated in the prosecution, is untenable. All crimes are committed directly, and there is not—and should not—be any act of committing "indirect crimes." Indirectly-caused consequences may or can exist, but crimes are all committed in direct violation of the law.

3. The second condition of treason is: The content furnished must be information or secrets. Any secret or information, in a legal sense, is not a "report of the situation" as described by the prosecution, but is the information within the realm of secrets which, as stipulated by the law, must be kept confidential.

#### None of the Conditions of Treason Is Met

The frontline situation that I touched on in my conversations with foreigners did not belong in the realm of secrets. The first reason is that they were merely based on hearsay from an unclassified area frequently touched on by ordinary citizens. It has never been stipulated that we should not talk about topics within this area. What is listed in the "Tentative Regulations on Keeping Secrets" is in the realm of state secrets rather than an area which citizens are not allowed to talk about. A citizen does not have the obligation to keep any secret if he is not in contact with state secrets. He can discuss anything related to defense and the military and is not under any restriction, as long as what he talks about is not one of the "confidential matters."

As judged by the "Regulations," do the situations which I have mentioned belong in the realm of secrets?

1. The commander's name was not included in any article of the "Regulations."

2. The number of kilometers of the march was neither a military plan nor one of the "confidential matters." It was only a battle result, which had already happened and which belonged to the area of ordinary news reporting. It has never been classified as a state secret in the "Regulations."

3. The casualties were not within the realm of the "Regulations," either. They were a battle result which was within the area of ordinary reporting.

4. The statement about "the number of troops dispatched" was simply untrue. I still do not know how many troops our country has dispatched; how could I furnish this information to others? On the other hand, the "200,000 draft" issue was not covered by the "Regulations." Moreover, conscription is not a secret because it is, after all, openly conducted. Where does the so-called "number of troops dispatched," as stated in the court verdict, come from?

To sum up, none of the four items of "military information" listed in the court verdict is well founded.

According to the above analysis, the first and second conditions of treason have not been met, so how can the charges be well-founded? An accusation against a criminal is founded only if all the conditions in line with the legal provisions are met. In this case, none of the conditions have been met, so how can the court's verdict assert that "there was enough proof?" Your court should judge the case in an impartial manner.

#### 1979 Instrument of Appeal—Part Two

*HK1012090893 Hong Kong LIEN HO PAO in Chinese  
9 Dec 93 p 10*

[Letters Written in Prison" by Wei Jingsheng: "The October 1979 Instrument of Appeal (Part 2 of 2)"]

#### [Text]Sentences Passed on the Basis of Literary Inquisition Are Not Convincing

4. My article, that is, the "Fifth Modernization—Democracy and Others" and "Human Rights, Equality, and Democracy"—were classified as reactionary in both the verdict and the indictment. However, I have explained in my defense the definition of being counter-revolutionary and the relationship between the trend of modern times and my articles. First, I have argued that revolution is not an appendage of power but revolution must be decided by the trend of the times. Second, I have pointed out that the revolutionary trend of contemporary China is a trend of democracy. The key subject matter of my article "Fifth Modernization—Democracy and Others", was: No democracy, no four modernizations. Hence, it should be within the area of revolution. As far as I can remember, the prosecution did not refute my above-mentioned defense and the court did not set forth any argument contrary to mine. The prosecution and the intermediate court merely used the method of quoting specific expressions in the article to try to show

that my article "libels against Marxism-Leninism," "stirs up trouble, makes a clamor, and vilifies others." Today, when the Chinese history has developed to such a stage, can it be convincing to use the concealed and garbled method of literary inquisition in feudal society to declare somebody guilty? Should the "people's court" use this method? Is it good for the people or for anybody?

I remember Engels once said: The true meaning of an article lies in the article itself rather than in some of its expressions. Why are not people who claim to adhere to Marxism-Leninism willing to follow these instructions? Why is freedom of expression, which Marx and Engels made arduous efforts to fight for during their lifetimes, not protected in the so-called Marxist court? Why are crimes attributed to expression and ideology, which were detested by Marx, widely used in so-called Marxist China? These questions, which are not new in China, help explain why democracy is an urgent matter.

#### The Publication Was Not Intended To Overthrow the Regime

As far as the meaning and the key subject matter of an article is concerned, no one can be clearer than its author. No one can succeed in using a garbled method to misrepresent the author's meaning. It is not permitted by law to use this kind of method to misrepresent the author's key thinking to trump up charges. In today's China, such a practice will not enjoy the trust of the people. You should recognize that an overwhelming majority of people want democracy. I repeat what I have said in my defense, "The fact that the arguments are not completely correct does not affect the revolutionary nature of the key subject matter." I am very ready to hear the prosecution and the intermediate court refuting this remark and also to see the intermediate court presenting ample evidence, rather than garbling a few words to show that the "Fifth Modernization—Democracy and Others" was a reactionary article.

5. Did I write this article because I "want to overthrow the regime and the socialist system"? I have pointed out in my defense that our publication was not aimed at overthrowing the regime. What our publication wanted to do was to achieve the goal of reforming the social system and enabling it to become democratic in a step-by-step manner through a lawful propaganda and democratic movement so that more and more people would have a understanding of democracy. Regarding this point, I suggest that Yang Guang, Lu Lin, Liu Qing, and Zhao Nan can give evidence on my behalf, because all of them have listened to my exposition on this matter. Without summoning any witnesses and without presenting other evidence to prove that my aim was different from what I had said, the court jumped to a conclusion, which was not convincing.

I told the court long before the opening of the court session that my attitude towards socialism had been

revealed in a chapter of my article entitled "Fifth Modernization—Democracy and Others Continued," and I also pointed it out in my defense. All these can show that I do not intend to make the social system revert to a capitalist or feudal one, neither do I intend to retain the existing socialist system. What I am asking for is to work through reform and revolution to help China's socialism become a democratic socialist system. This is one of the basic points of my thinking. In the debate, the prosecution simply did not put forward any evidence to prove that my articles did not stand for my thinking, neither did they refute my thinking or prove that this kind of thinking was tantamount to "overthrowing the socialist system." Likewise, the court did not put forward any evidence as proof of the above-mentioned points. All these were skipped over in the debate, and they put forward garbled evidence to support their conclusion only when they reached the conclusion. Was this kind of conclusion made with ample evidence shown in the debate? Or was it made outside the court beforehand for a particular reason?

#### Criticism Is Also a Kind of Support

6. We carried out our activities in accordance with the principle of "freedom of speech." How can they be described as "unconstitutional"? The Constitution stipulates that citizens are duty-bound to "support the CPC leadership and the socialist system." However, it is not tantamount to stipulating that citizens are not allowed to criticize the CPC and the existing social system. Criticism is also a form of support. To develop the social system, we must reform it by finding out its defects. Without criticism, no one will help find out the defects and the system will not fulfill the goal of reform and development. Freedom of speech is a political guarantee for those who make their criticisms known. As far as freedom of speech is concerned, one does not criticize others in a way as expected by certain people, since any criticism to power holders' liking is flattery in a disguised form. Similarly, freedom of speech is not freedom of talking in accordance with existing theories, and what development needs is new theories and new things. It is precisely this kind of distorted freedom of speech which leads to a rigid way of thinking and the rise of an autocratic system.

Article Two of the Constitution stipulates that "the PRC's guiding ideology is Marxism-Leninism-Mao Zedong Thought," but none of the articles stipulates that they are a civil obligation. Both the procuratorate and the court confused the ideas of "state guiding ideology" with "civil obligation" and used it as a legal basis, which is ridiculous. The "state guiding ideology" is the ideology and belief which the government must follow, but it is not the ideology and theory which citizens must follow. The Constitution expressly provides that citizens have freedom of "speech" and "religion," but none of the articles stipulates that a certain ideology or theory is an obligation which citizens must follow. Freedom and

rights granted to citizens in Article 45 and Article 46 of the Constitution are not restricted by Article Two of the Constitution.

#### **The Counterrevolutionary Charge Is Groundless**

To sum up, I think that it is groundless and untenable for the intermediate court to declare me guilty of "counter-revolutionary charges." Your court should handle this case in strict accordance with the law and the spirit of the Constitution. October 1979

#### **Family of Jailed Dissident 'Forbidden' To Visit**

*HK1012122193 Hong Kong SOUTH CHINA MORNING POST in English 10 Dec 93 p 9*

[Text] The family of a Chinese dissident sentenced to six years' jail for his role in the 1989 pro-democracy movement said yesterday they had been forbidden to visit him and were worried about his health.

Liu Gang's father, Liu Guichun, and his sister, Liu Ming, said they had both been told by prison authorities in northeast China's Liaoning province that they were barred from seeing the dissident.

Liu Ming said she had injured her head in a scuffle with a prison guard as she tried to insist on seeing her brother.

She said she had gone to Beijing to report the case to the Justice Ministry and to demand action.

Liu Gang's case is widely known in the West because of reports of his torture.

Chinese law bans torture and other inhumane treatment. Beijing has vehemently denied that Liu, a physics graduate of Beijing University, has been maltreated.

"They say he is in good condition, but how can we know the truth unless we see him?" Liu Ming said.

#### **Further on Civil Aviation Safety Circular**

*OW0912125993 Beijing XINHUA Domestic Service in Chinese 0950 GMT 9 Dec 93*

[Text] Beijing, 9 Dec (XINHUA)—The State Council recently issued a "Circular on Strengthening Civil Aviation Security and Safety Work" and asked departments concerned to adopt effective measures to insure security and safety of civil aviation.

The "circular" points out: In recent years, China's civil aviation has developed rapidly and made great contributions to promoting economic construction, reform, and opening up. However, in the course of the rapid development, some relatively serious problems concerning air safety and security have emerged. In order to promptly correct this situation, insure flight safety and air defense safety [kong fang an quan 4500 7089 1344 0356], and have civil aviation work serve reform, opening up, and the socialist modernization drive in a better way, the State Council sets the following demands:

1. The Civil Aviation Administration of China [CAAC] and the people's governments of various provinces, autonomous regions, and municipalities must firmly foster the thinking of putting safety on top of the agenda and the guiding principle of putting prevention first, and fully understand the importance of civil aviation safety to people's lives and properties, to the properties of the government, and to promoting economic construction. It is imperative to pay high attention to civil aviation safety, effectively strengthen leadership and supervision over various inspection work, promptly solve the existing problems in civil aviation safety and security, remove all kinds of hidden perils, and adopt effective measures to prevent the happening of flight accident and hijacking. All civil aviation workers must implement the thinking of safety first and of laying stress on prevention in all their work.

2. Leading members at various levels and all units under the CAAC should fully understand and develop the important role of safety examinations in preventing hijacking of planes, seriously implement various rules and regulations governing safety examination, and strengthen the management of restricted areas at airports. Public security organizations and other relevant departments should strengthen controls on production and sale of guns, knives and cutting tools [dao ju 0430 0367], and dangerous explosives and combustibles, and rigorously crack down on criminal activities.

3. Various civil aviation departments and units should all place ideological education and professional training among staff members and workers in an importance place, strive to raise political and professional quality of their employees, and build civil aviation contingents with good ideology and work style and high proficiency in their work. It is necessary to adopt effective measures to energetically advocate wholehearted devotion to public duty and being conscientious and meticulous, strictly implement various operational procedures, seriously observe discipline, oppose the tendencies of worshipping money, anarchism, irresponsible attitudes to work and overlooking rules and regulations. It is necessary to firmly correct the unorganized and undisciplined situation. Those who are responsible for serious consequences should be handled in a strict manner, and those who violate the criminal law shall be investigated for their criminal responsibility.

4. In order to solve the existing problems in the development of civil aviation work and change the current unsatisfactory situation of flight safety, the CAAC and all administrative departments at various levels under its jurisdiction must enhance the management of unified leadership of civil aviation services and deepen the reforms of civil aviation system, straighten out relations among various units, strengthen air traffic control, set a high standard for flying and airworthiness, do a good job in safety and security work, and establish a unified management and supervision mechanism. The CAAC should organize various airline companies, airports, and air traffic control departments to start a major check-up

on safety in the spirit of strengthening discipline, stopping loopholes, perfecting operational mechanism, and insuring safety and security. It is necessary to immediately correct all problems discovered in the inspection and sum up lessons.

5. It is necessary to publicize knowledge of civil aviation safety and relevant regulations among the broad masses of people through various mass media. Passengers should be educated on observing rules in flying and obeying the direction of civil aviation employees. The broad masses of people should be encouraged to report hijacking clues to the public security organs to jointly safeguard the interests of the state and the people.

#### Commentator Hails Polio Immunization Campaign

HK1012033093 Beijing RENMIN RIBAO in Chinese  
5 Dec 93 p 4

[Commentator's article: "A Major Event in Protecting Children's Health"—Polio Immunization Program Begins 5 December"]

[Text] With State Council approval, urban and rural areas across China will take unified action today to start a polio immunization program for children under the age of four. This is an important measure adopted by the Chinese Government to protect children's health and improve the quality of the Chinese population, as well as an important event in the history of public health in China.

Polio is an acute infectious disease that seriously affects children's health. The existence and spread of the polio virus poses a threat to every child; once infected, the inevitable result is limb damage, disability, and even death. This disease, however, for which there still is no effective cure, can be prevented entirely by taking an oral polio vaccine. For this reason, the World Health Organization has called for the worldwide elimination of polio by the year 2000. Western Asia, in which China is located, has set a 1995 deadline for the elimination of polio. The world pins its hopes on China for the achievement of this goal.

The Chinese Government all along has attached importance to children's issues, and has regarded concern for children's healthy growth as a basic major issue in national construction. In 1965, China succeeded in developing a live polio vaccine, which has been applied in various places in China since that same year. In the "10-Year Plan for National Economic, and Social Development and the Program for the Eighth Five Year Plan," which China adopted in the early 1990's, planned immunization was listed as an important measure for protecting children's health. In 1991, Premier Li officially signed, on behalf of the Chinese Government, the "Declaration on the Subsistence, Protection, and Development of Children" and the "Plan of Action" for implementing this declaration, thus making a solemn commitment to the whole world. In 1992, the State

Council officially promulgated the "Program and Plan for the Development of Chinese Children in the 1990's," and included the elimination of polio by 1995 as an important goal for the protection of children's health.

To eliminate polio and cut back on the handicapped population is of great significance today. On the basis of achieving a planned polio immunization rate of 85 percent, China in recent years has adopted a series of measures—based on provinces and counties as units—to accelerate the elimination of polio, and it has achieved pleasing results in the past few years. The incidence of polio has fallen with each passing year, and no cases have occurred in the urban areas of some cities, whereas the incidence of polio has approached or achieved the lowest level in history. This situation has won the universal admiration of the international community. However, because of China's vast territory and huge population, as well as the great differences between various places, the development of the planned polio immunization among children is imbalanced, and weak links continue to exist. Regarding the absolute figure in the incidence of polio, it still accounts for around one-fifth in the world, ranking top among the 35 countries (regions) in Western Asia. Should we fail to take unified action in unfolding a polio immunization program, it would be very difficult to achieve the goal of eliminating polio. This being the case, China has decided to take the current nationwide immunization program as a crucial measure for eliminating polio, and is ready to seize the favorable period between now and January 1995, when the spread of polio virus is comparatively weak, to unfold polio immunization programs twice each year so as to upgrade children's organic resistance to the virus.

The immunization program, which involves approximately 100 million children, is unprecedented in China. To make the program successful calls for the active participation of the whole society and the close coordination of various departments. We believe that under the direct leadership of governments at various levels, the Chinese people surely will eliminate polio, as they did smallpox, and will make new contributions to the health undertakings of all mankind.

#### Economic & Agricultural

##### Chen Jinhua on 1994 National Planning Work

OW1012020693 Beijing XINHUA Domestic Service in Chinese 2121 GMT 5 Dec 93

[By RENMIN RIBAO reporter Fei Weiwei (6316 0251 0251) and XINHUA reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 6 Dec (XINHUA)—At a national planning conference, Chen Jinhua, minister in charge of the State Planning Commission, proposed: In order to earnestly implement the arrangements formulated by the national economic work conference, we should lay particular emphasis on accelerating reform and opening up,

broadening the scale of structural readjustment, and strengthening macroeconomic regulation and control in the following eight aspects:

1. We should continue to strengthen the position of agriculture as the foundation of the national economy and promote all-around development of the rural economy to raise peasants' income to a higher level. We should pay attention to farmland protection, the stabilization of cropland, and to the total output of grain crops and cotton. We should take effective measures to ensure the state increases grain and cotton procurement prices; and the peasants actually obtain benefits as compensation that result from the differential between state set prices and negotiated prices, and are linked to the supply of chemical fertilizers and diesel oil for state contracted procurement of grain and cotton, as well as discount for advance payment of chemical fertilizers and diesel oil. We should establish and implement a system of reserves and risk funds to regulate prices of grain and cotton. We should develop agriculture in a pattern of high yields, high quality, and high efficiency; and systematically establish a number of model zones in various localities each with different characteristics. We should strengthen agriculture and infrastructural construction, and expedite the dissemination and application of advanced agricultural scientific and technological achievements. We should continue to guide village and town enterprises to optimize their structure in accordance with the state industrial policy, and should, in particular, support the central western region and areas inhabited by minority nationalities to accelerate the development of village and town enterprises. We should earnestly implement the "program to storm fortifications" formulated by the CPC Central Committee and State Council to help people in impoverished areas find enough to eat and wear, and to shake off poverty.

2. While strictly controlling the total investment scale, we should accelerate the process of reforming the investment system. The key is to increase the intensity of readjusting the investment structure and strengthen major construction projects in line with the requirements of the state industrial policy. We should concentrate additional investments on agriculture, water conservancy, transportation, telecommunications, energy, major raw and semisubstituted materials, machinery and electronics, science and technology, and education; and should increase investments in basic industries, infrastructure, and backbone industries. Both central and local authorities must make a determined effort to successfully carry out the major task of readjusting the investment structure in 1994. In accordance with the central authorities' requirements, we will press forward with the reform of the investment system with big strides and gradually expand the role of market mechanisms in investments. We will establish risk liabilities for corporate investments and bank credits. We will introduce different investment financing activities in different investment fields. We will adopt various methods, including joint and share-holding investments, to guide

localities and enterprises to invest more funds in infrastructure and basic industries.

3. We should continue to promote our openness to a higher level and in breadth and depth; and should actively and effectively utilize foreign capital, resources, technology, markets, and management expertise. We should optimize the allocation of resources while complementing the domestic economy with the international economy. We should strengthen the supervision and management of collection and settlement of foreign exchange related to exports to prevent retention of foreign exchange or delay in the settlement of foreign exchange outside the territory.

4. We should actively but prudently promote reform of the pricing system and make every effort to curb increases in overall prices. We should strive to establish and perfect a system under which market forces play an indirect role in regulating prices. We should increase the transparency of market transactions, and put an end to price discrimination and fraud. We should popularize the system of attaching clearly marked price tags to commodities. We should strictly curb price increases of the daily necessities of residents and increases of the price index of living expenses. As to necessities that have a direct bearing on the people's livelihood, we should work out a list of specific commodities for strict supervision. In strengthening the supervision and inspection of commodity prices, we should punish, according to the law, those who raise prices illegally or overstep authority in hiking prices.

5. We should make every effort to explore markets in urban and rural areas and continue to improve people's living standards. In exploring markets, we should focus on rural areas, and should be guided by market demands at different consumption levels, particularly consumers with middle and low incomes. We should actively readjust the industrial structure and product mix, and make great efforts to develop new products and assortment of goods with new patterns and styles. We should accelerate reform of the distribution system and strive to cultivate and perfect a market system. We should continue to improve the livelihood of urban and rural residents. We should increase workers' wages on the basis of an expanded economy and improved economic efficiency. We should substantially increase farmers' earnings by developing the rural economy in all fields and raising purchasing prices for grain crops and cotton. The "Housing Settlement Project" will be implemented next year to expand housing construction for residents with middle and low incomes. We should accelerate reform of the social security system to gradually establish a multi-layered social security system with diverse forms.

6. We should attach great importance to science, technology, and education, to promote an all-around development of various social undertakings. In science and technology work, we should strive to convert scientific and technological research results into real productive forces according to the demand of developing a socialist

market economy; and promote more and better utilization of scientific and technological research results in production by market means and essential credit and investment support. We should continue to make education a strategic priority for development.

7. We should actively coordinate planning work with the invigoration of large and medium state enterprises to ensure a sound micro-economic basis for the macro economy. We should rationally utilize financial and material resources under the state's direct control to support the reform and development of large and medium state enterprises.

8. In line with the demand of accelerating the establishment of a socialist market economic structure, we should accelerate the reform of the planning system, and strengthen and improve macro-economic control. The planning departments should take the initiative to contact and consult with finance, taxation, banking, foreign exchange management, labor and wages, and other departments specifically in charge of economic levers, so that they can better coordinate with each other and pool the efforts of all to enable the state to exercise macroeconomic control in a more unified, timely, scientific, and effective manner. We should actively bring into play the fundamental role of markets in allocating resources, and should correctly exercise the macroscopic, strategic, and policy-oriented functions of state planning so that it can keep up with changes in the market, make up for insufficiency of market functions, and guide the market to operate in a regular and orderly way.

### Restructuring Meeting on 'Main Tasks' For Reform

OW0912050193 Beijing XINHUA Domestic Service in Chinese 0843 GMT 5 Dec 93

[By reporters Zhang Jinsheng (1728 6930 0524) and Wang Haizheng (3769 3189 1767)]

[Text] Beijing, 5 Dec (XINHUA)—A national economic restructuring conference opened in Beijing today. In elaborating on the main tasks in the reform of the economic structure next year, He Guanghui, vice minister of the State Economic Restructuring Commission, pointed out at the conference: Stress should be put on establishing a modern enterprise system and implementing the reform of the macroeconomic regulation and control system. At the same time, we should build a market network, with the stress on developing a market for essential factors of production, and we should accelerate the reform of the social security and housing systems and do a good job in other reforms.

More than 200 people attended the conference, including economic restructuring commission or office directors from 30 provinces, autonomous regions, and municipalities directly under the central government as

well as cities with provincial-level economic decision-making powers and other relevant cities. Representatives of relevant departments of the CPC Central Committee and the State Council as well as some counties and enterprises selected for experimenting with reform were also present.

The conference will study and discuss the "Focal Points of Economic Restructuring in 1994" and the "Opinions on Experiments With the Establishment of a Modern Enterprise System in 100 Enterprises Chosen for the Task." CPC Central Committee Political Bureau members, state councillors, and Li Tieying, minister in charge of the State Economic Restructuring Commission, attended today's conference. China's cause of reform and opening up has entered a new historical period after the objective of establishing a socialist market economic structure was determined. Expounding the characteristics of this new historical period, He Guanghui stressed: An important characteristic of this period is to carry out the arduous task of replacing the old system with a new one. To meet the requirements of this historic reform task, we should shift the stress of reform from making breakthroughs in the old system to establishing a new system, from seeking progress in single projects to achieving comprehensive progress in a number of projects, and from relying on the impetus of policy to relying on that of law. The year 1994 will be the first to implement the decision of the Third Plenary Session of the Party's 14th Central Committee and to combine package reform with breakthroughs in key areas. So we must be determined to storm some heavily fortified positions.

He Guanghui elaborated on next year's main economic restructuring tasks in six aspects:

—Stressing changing the enterprises' operation mechanism and exploring an effective way to establish a modern enterprise system. In striving to explore the organizational patterns of state-owned enterprises according to the composition of their assets, enterprises with better operating conditions may be gradually reorganized according to the corporate system. A limited number of highly profitable and well-managed large enterprises which operate according to industrial policies may be directly reorganized into state-owned holding or stock limited liability companies; most other enterprises in competitive industries, which operate according industrial policies, may be reorganized into limited liability companies jointly owned by the state and other legal entities; enterprises in industries considered special may be reorganized into limited liability companies wholly owned by the state. Enterprises with appropriate conditions may establish, with foreign companies, limited liability or limited companies. It is necessary to promote the merging and joint operation of enterprises. State-owned enterprises which have land resources but should not be located in downtown areas should be moved or changed into other lines of production by setting up new enterprises with a new operating mechanism.

Small state-owned enterprises may be leased, contracted, or even sold to companies in non-state sectors, and some of them may shift to the partnership system in the form of stock sharing. Poorly managed state-owned enterprises whose products are not marketable, which have been deep in debt for a long time, and which cannot be reorganized or reformed in any other way should be declared bankrupt according to law. The responsibility system of the corporation as a legal entity should be implemented in all new construction projects. In actively blazing new trails in systems for enterprises in non-state sectors, urban collective enterprises, village and town enterprises, and civilian-run high-technology enterprises should have their property rights clearly defined and gradually reorganize themselves into joint-stock enterprises or enterprises practicing the partnership system in the form of stock sharing. Private enterprises should also be encouraged to be reorganized into standardized companies.

—With emphasis on reforming the financial, taxation, banking, and investment systems, speeding up the establishment of a macroeconomic regulation and control system and the transformation of government functions on economic management. The establishment of separated central and local financial and taxation systems will be one of the main tasks of next year's reform on macroeconomic control. The banking reform aims to make the People's Bank of China a real central bank, to establish a macroeconomic regulation and control system for the central bank that will implement monetary policies independently under the State Council's leadership, to establish policy-lending banks, and to change the existing state specialized banks into real commercial banks. The investment system reform will be focused on the gradual establishment of risk liabilities for corporate investment and bank credits, the broadening of investment financial channels for the construction of infrastructure and key projects, the encouragement of investment by all sectors, the active promotion of a corporate responsibility system, the separation of policy lending from commercial loans, and the establishment of a central policy-lending and investment system. As far as the transformation of government functions, the reform of government organizations, and the establishment of intermediary organizations are concerned, it is necessary to really hand back to enterprises the managerial functions falling within the scope of their autonomy, to shift the functions of allocating resources to the market, and to transfer the functions of social services in economic activities together with a considerable portion of supervisory functions to intermediary organizations.

—With emphasis on nurturing markets of production elements, further promoting pricing reform and nurturing a unified, open market system. Efforts will be made to vigorously develop commodity markets and continue to deepen reform of the circulation system; to further deepen pricing reform and eliminate the

double-track pricing system for means of production as soon as possible; to appropriately raise the protective price for grain and cotton price; to actively develop financial, land, labor, technological, and information markets; and to further improve market order, perfect market regulations, and improve market relations.

—Speeding up the pace of reforming social security and housing systems. The focal point in this aspect will be to further reform and perfect retirement and medical insurance systems for workers in urban areas, with retirement and medical insurance funds to be jointly borne by units and individuals.

—Ensuring a good job in reform of other fields. Efforts should be made to continue to deepen rural reforms; deepen the foreign trade system by opening the country wider to the outside world; to accelerate the pace of reforming science and education management system; and to strengthen the legislation of reform based on the principle of combining reform policy with legislation policy decisions.

—Doing a solid job in launching pilot projects for the establishment of a new system. Efforts should be made to actively and steadily experiment with transformation of the system of enterprises; to do a better job in trying out comprehensive and systematic urban reform at selected points; and to continue to pay close attention to comprehensive reform at the county level.

#### **Hu Ping Writes on Nation's 'Opening-Up Trends'**

*OW0812203493 Shanghai JIEFANG RIBAO in Chinese  
13 Nov 93 pp 1, 5*

[Article by Hu Ping (5170 1627), director of the Special Economic Zones Office under the State Council: "China's 10 General Opening-Up Trends in the 1990's"]

[Text] Since the Third Plenary Session of the Party's 11th Central Committee, Comrade Deng Xiaoping has advocated opening China to the outside world and issued a series of important instructions in this regard. The party Central Committee has included opening up in its important documents as a basic national policy. The theory and practice of opening China to the outside world in the 1980's have enriched Marxism-Leninism and have constituted important parts of Deng Xiaoping's theory of building socialism with Chinese characteristics. As a result, China has accelerated its economic and social development and has scored historic achievements attracting world attention.

After the start of the 1990's, Comrade Xiaoping issued another series of extremely important instructions on opening to the outside world. He stressed "multidirectional opening," "wider," "trying things and going ahead daringly," "seizing opportunities to develop our country," and "striving to reach a new stage of economic development in every several years."

Compared to the 1980's, many more new situations and trends have occurred in the 1990's in opening to the outside world. The new trends of development can be summarized as the following 10 points:

1. The objective of opening to the outside world is changing from the export-oriented objective to the "neutral" [zhong xing 0022 1840] objective of striking a balance between imports and exports. China is an economically underdeveloped country but has rich resources and tremendous market potential. China is full of promise in continuing to boldly introduce foreign capital, develop the import and export trade, and promote the modernization drive according to Comrade Xiaoping's instructions. Since opening to the outside world 14 years ago, China has made tremendous achievements in these areas, and the total value of its import and export trade now ranks 11th in the world. From now on, China's market has a great capacity for taking in foreign capital and products. As for Chinese exports, they should be continuously encouraged to compete in the world market, and their quality should be further improved. Because China is a big country, its development will have a great impact on the world economy. If China only encourages exports, this is bound to create a lot of frictions with other countries. Meanwhile, China cannot particularly encourage imports, either, because first of all, we do not have that much foreign exchange, although the demand does exist; and second, particularly encouraging imports apparently contradicts the objectives of readjusting the economic structure and establishing an independent economic system. Moreover, when China regains its membership in the GATT, foreign-funded enterprises will receive the same treatment as domestic enterprises. Then, foreign-funded enterprises should not be permitted to control the domestic market so as to exclude domestic enterprises. Therefore, in setting the objective of opening to the outside world, we should create an economic environment in which we should not particularly encourage exports or imports. In such circumstances, China's economy should further connect with the world market economy, and we should strive to achieve our second-step and third-step strategic objectives by drawing support from the international economy. Only by doing so will we be able to modernize our economy on the principle of "independence and self-reliance" set forth by Comrade Xiaoping, and be able to make a due contribution to the world economy.

2. The situation of opening up to the outside world has developed in depth and in breadth along the coast, the Chang Jiang, and the border. Strategic planning for opening up along the coast, the Chang Jiang, and the border has been completed. A total of 339 cities nationwide with an area of 500,000 sq km and a population of 320 million are now open to the outside world. The gross national product of these cities constitutes over 60 percent of the national total. In the nineties, this opening-up strategy will also be implemented further in more areas and industries. Currently, foreign enterprises have

not only cooperated with state-owned enterprises but have also formed a new union with foreign enterprises, village and town enterprises, and private enterprises. Meanwhile, a new form of "umbrella-type" enterprises—holding companies—and industry-wide joint ventures has emerged. This trend should not be underestimated, for it will definitely affect the in-depth reform of the ownership structure. It is not only necessary to examine the degree to which China's economy is export-oriented but also to study more profoundly such issues as China's economic, ownership, and social structures. It is necessary to adopt legal, economic, and administrative means to truly guarantee the primary position of China's public ownership economy.

3. The process of opening up to the outside world has developed from a one-way to a two-way direction. The direction of the development of special economic zones was not very clear-cut initially. Comrade Xiaoping then forwarded the idea of developing the economy of special economic zones "externally instead of internally," which resulted in the gradual production of more export-oriented products. A policy of principally using foreign investment, encouraging the production of export-oriented goods, and utilizing advanced technology has been adopted. This trend is absolutely essential. Following a few years' hard work, the export-oriented economy has taken shape. For example, exports of foreign-invested enterprises located in the coastal regions in the first half of this year were \$8.55 billion, an increase of about 45 percent, or 29.7 percent of the total export value of coastal regions, or 25 percent of the total national export value. The growth in the total export value of the nation's foreign trade in the first half of the year was basically brought about by foreign-invested enterprises. In the nineties, it is still necessary to utilize international economic strength to promote a modern domestic economy and upgrade the volume and level of exports. Meanwhile, to fully implement the policy of utilizing two markets and two resources as well as mastering two capabilities, and to engage in South-South cooperation, it is essential to implement a strategy of advancing in two ways. We should encourage local enterprises to venture out of the country or explore investment opportunities abroad with foreign-funded enterprises. Apart from developing transnational business operations and the import and export trade, we should also encourage the development, in Third World countries, of resource-related commodities that have chronically been in short supply on the domestic market. We can then open up markets and promote the export of technology, equipment, and labor services, as well as increase resources that are in short supply on the domestic market. In this way, we can achieve several goals at once. Underdeveloped nations welcome us to jointly develop their resources. Recently, the head of state of a Southeast Asian country complained that our investment in that country is only 1 percent of what that country has invested in China. It can therefore be seen that this matter has aroused the attention of underdeveloped nations. Comrade Xiaoping said: "It is necessary to

adopt new ways to increase South-South cooperation." As a new subject in opening up to the outside world, this task is being laid before us. Therefore, the government should implement supplementary policies to support credit funds, insurance, taxation, and the importing of goods produced abroad through our investment.

4. The construction of development zones has shifted from individual to collective development, and from single-purpose to multifunctional zones. Worthy development zones across the nation which are retained after undergoing screening and retrenchment will thrive. These zones will be new growth spots for our country's productive forces and will develop into new industrial groups. The task of screening local development zones has come to a temporary halt. According to preliminary reports by 25 provinces and municipalities, there were 1,993 development zones with a planned area of 9,150 sq km before screening. After screening, 463 development zones with an area of 3,230 sq km were retained. Together with a number of state development zones, the total number of development zones is between 500 to 600. Development zones and free-trade zones opened earlier have acquired certain sizes and production capabilities. Development zones under construction will mature after two or three years. Many development zones have insisted on the principle of principally utilizing foreign funds, producing export-oriented goods to earn foreign exchange, and adopting advanced technology. Foreign-funded projects introduced into development zones in Guangdong, Shanghai, Jiangsu, Tianjin, Shandong, and Dalian are of a larger scale and more advanced technological levels. Large numbers of transnational corporations and plants that produce brand-name goods have been established in these zones. Development zones are cooperating among themselves in the fields of information, planning, design, investment procurement, management, and personnel training. The functions of development zones (including free trade zones) have begun to develop. We are now exploring common international practices to tap this treasure house, which has yet to be fully understood, to pursue multifunctional and multidirectional development. Development zones with the right conditions are exploring the possibility of expanding to the central and western regions, or even abroad. Many development zones have become windows in the process of opening up to the outside world, as well as bases for readjusting the industrial structure, for grafting modern new technologies onto old enterprises, and for driving the economy up to a new level. Comrade Xiaoping said: "There is great hope for development zones."

5. Foreign investment has shifted from processing export-oriented goods to industrialization and diversification, and has expanded from mere investment to combining investment and financing. Foreign investment in China has reached a certain level. According to statistics for the first half of this year, the number of foreign enterprises reached 140,000 with a total contracted capital of \$100 billion. Of these enterprises,

39,000 were operational as of the end of 1992 and exported \$17.3 billion worth of goods, or 4.8 times as many as in 1991. Foreign capital used nationwide reached \$43.68 billion, and 20 million workers were employed in these enterprises. Currently, foreign funds have been used in basic industries, basic production sectors, and some tertiary industries. The development momentum has been good. Some large international companies are carrying out strategic shifts and explorations in China. Particularly noteworthy is the fact that foreign investors do not merely focus on investment in China but have established shareholding enterprises in conjunction with influential Chinese enterprises. They have issued shares in developed countries to push these enterprises into the market. This practice symbolizes the fact that our country's industrial capital is being transformed into financial capital, and that it is being shifted from the domestic to the international market. Foreign financial circles feel that China, as a "mountaineering tiger," will head toward the peak. Its influence in the international community is yet to be assessed. This development trend tells us that in using foreign funds, we should not only focus on product development and the introduction of new technology but should also undertake a comprehensive analysis from various angles and formulate countermeasures to utilize the funds in a manner more favorable to our country.

6. Our opening up started with giving preferential treatment to "coastal areas, border areas, and areas along the Chang Jiang," and it spread in breadth and depth to the hinterland. The coastal areas enjoyed economic development ahead of other areas after more than a decade of opening up. The strategic push toward "areas along the Chang Jiang" and "border areas" has just begun, for points for opening up are being set up now. A tendency of a widening gap between east China and central and west China has appeared. It merits our attention. Some people believe that favorable treatment should be given to industries now and that it is inappropriate to give any more favorable treatment to certain areas. Such a view stands to reason to a certain extent because this kind of policy adjustment will have but little impact on the coastal areas, which enjoy a better foundation than other areas and are beginning to evolve a development mechanism of their own. After having waited for favorable treatment for several years, central and west China are now giving up hope. Of course, it is right to give favorable treatment to industries, but it is still hard to produce concrete results in a number of areas in central and west China now. It poses a problem to ask central and west China not to feel upset. Therefore, the process of opening up in these two regions should be appropriately accelerated. When conditions are ripe, some more cities should be added to the ranks of cities open to the outside world; the development zones that have been retained after screening should be run successfully; and we should do a good job of carrying out the construction of infrastructure projects. The investment policy should integrate industrial policy with a policy for regions and areas. As for guidance for foreign investment, besides

continuing to adopt the finalized policy for the coastal areas, some encouragement policies will be drawn up in light of the peculiar favorable conditions enjoyed by northwest and southwest China. For instance, special studies must be carried out to draw up measures for the comprehensive exploitation of resources, for the development of the Chang Jiang's Three Gorges Dam area, and for energy development in southwest China. Because southwest China is endowed with abundant hydropower and nonferrous metal resources, we may encourage multinational companies to combine the development of hydropower with the development of nonferrous metals, offer them certain favorable types of treatment, and promote development as quickly as possible. With regard to the issue of asking the coastal areas to help central and west China achieve simultaneous development, it is also necessary to use economic means and adopt [economic] association, cooperation, and various methods in accordance with Comrade Xiaoping's instruction to blaze a new trail in the 1990's.

7. International economic cooperation has progressed from singularity to pluralization and from bilateral to multilateral cooperation. The Tumen Jiang Development Project proposed a few years ago involves China, Russia, the DPRK, the ROK, Mongolia, and Japan and covers an area of 30,000 square km. The region has more favorable conditions in terms of regional location and resources and has more tremendous potential for long-term cooperation and development. At present, it is hard to implement the project with any significant result due to different national conditions. However, if the three provinces in northeast China jointly play the "China card" by beginning to develop bilateral relations and by resolving the problems of opening highway and air traffic and having access to the ocean via another country's harbor, they may usher in a new setup of opening up in Northeast Asia. The project to jointly develop the upper reaches of the Mekong River involves China, Thailand, Burma, and Laos. Thailand is very aggressive. Yunnan Province has already started constructing transportation facilities linking China with Burma. The countries in the region may very easily supplement each other with their hydropower, tourism, agriculture, and mineral resources. The appearance of a "golden quadrangle" in Southeast Asia as a result of their joint efforts for development would also be a new setup in our opening up. A Hong Kong businessman proposed establishing a Hong Kong-invested border trade zone at (Huerguosi) port for Xinjiang and Kazakhstan to carry out cooperation in this respect. Although the proposal requires further discussion, it offers a new idea for west China to open its doors to the outside world. In addition, the Singapore Government is cooperating with Jiangsu Province in developing the Suzhou Industrial Park. Its first-phase project covers an area of 8 square km, and its long-term plan will require an area of 70 square km. The funds for constructing the infrastructure's parts will be raised jointly by the Singapore consortium and Suzhou

city, and the two sides will jointly manage the construction. The Singapore Government also provided the Chinese Government with "public utilities software" for the successful management of the industrial park. The various developments mentioned above require us to broaden our horizon of opening up. We must proceed from the national conditions of China, comprehensively use political, economic, and diplomatic means, and strive to enable a new setup of long-term opening up which is favorable for China's interests for a long time to come and for members of the international community to complement each other to take shape.

8. Our opening up and trade cooperation with Hong Kong, Macao, and Taiwan are progressing along the course of "one country, two systems." The years 1997 and 1999 are approaching, and the trend of economic integration between the Hong Kong and Macao markets and the mainland market will be forthcoming after the issue of the reversion of the sovereignty of Hong Kong and Macao to the mainland is resolved in accordance with the major policy of "one country, two systems." In this connection, Hong Kong's economic circles have made adequate preparations. Hong Kong and Macao funds and technology have flowed en masse to the mainland market; the manufacturing sector, infrastructure facilities, basic industries, and tertiary industry on the mainland were involved in the funds and technology flow. As a quasi-official organization, the Hong Kong Trade Development Council used to focus its attention on Europe and the United States; in recent years, it has carried out large-scale measures to offer services deep inside the mainland by adopting the method of a "unified package." It sponsored trade fairs, "boutiques," forums, and various other activities; such activities were sponsored on the mainland once a week on average. It is thus clear that the organization is very firmly determined in pursuing this endeavor. We sent some delegations to Hong Kong to solicit business opportunities; aside from such trips, there are no major moves on our part. We understand that Comrade Xiaoping proposed that it is necessary for the mainland "to create a few more regions like Hong Kong" out of consideration for this major trend. As for Taiwan, it is a task that we must fulfill over a protracted period of time to use economic relations to promote politics and to use economic relations and trade to promote peaceful reunification. Taiwan has taken a fancy to the big market of the mainland; its investments increase and cooperation expands to more and more spheres. Predictably, a new trend will also appear in the economic relations and trade between the mainland and Taiwan in the 1990's. We should make proper and adequate preparations. Besides, Comrade Xiaoping advocated that "we refrain from a discussion of sovereignty" and that "we seek simultaneous [gong tong 0364 0681] development." His advocacy presents not only a new policy on diplomacy but also new thinking on China's opening up. In short, great progress will be made in our opening up with regard to Hong Kong, Macao, and Taiwan in the 1990's. We must be fully prepared to greet this new trend.

9. Our opening up is progressing along a course from the economic aspect to the integration between the economy and culture. The integration between the economy and culture is an international trend today. More and more people believe that the power of culture is a part of comprehensive national power. The information sector introduces their commodities and culture through modern media. Following the television broadcast of "Star Wars," the colossal, deformed King Kong [name as published] captured China's market very quickly. The "Zhengda Comprehensive Entertainment" television program greatly enhanced the reputation of the Chia Tai Co., Ltd. and facilitated its entry into China's market. In contrast, the setup of China's integration between the economy and culture is still in an embryonic stage. There are far more people in the world who know about Mickey Mouse than those who know about Sun Wukong [the Monkey in the Great Western Journey], although the latter has more seniority and is more powerful than the former. Currently, cultural circles are very eager to "go into business." In fact, while developing the cultural industry, they should dedicate themselves to bringing about an organic integration between culture and the economy in addition to promoting the development of the cultural market. Enterprise culture appeared in the United States in the 1980's. This was an example of the integration between the economy and culture. We advocated commercial culture in 1989 for the purpose of closely integrating Chinese culture with the commodity economy and market economy in a bid to modernize China's economy. Advocating integration between the economy and culture gives vitality, driving power, and charm to an economy which stresses opening up; it also provides a kind of spiritual pillar and social restrictions to prevent corruption in society, and it boosts excellent traditional Chinese culture to a new height.

10. The leadership for opening to the outside world has been expanded from experimentation at selected local points to a comprehensive scale. In the early eighties, China experimented with its opening to the outside world in a few special zones, which later spread in the coastal areas. Starting from the nineties, the opening up has continued to expand along the Chang Jiang and border regions and even to the whole nation, covering larger and larger areas. This situation calls for the establishment of new systems and mechanisms from top to bottom, which will play their role as an important component in the formation of a national unified market. As we encounter more and more in-depth, high-level problems in the course of opening to the outside world, propositions to use preferential policies to attract foreign funds will gradually lose their effect and give way to competition and service as the key factors of success or failure. It is therefore necessary to attach special importance to building an investment environment—both hard and soft environment. The training of qualified personnel is the basic guarantee for a successful opening up. The knowledge of "both domestic and foreign markets," "both domestic and foreign resources," and "both domestic and foreign skills" is far

from sufficient in terms of the size and level of qualified personnel. We should promote awareness in two areas, namely the awareness of the world and the century. To gain a foothold among the world's nationalities, China should not confine its consideration to opening up within its own gateways. As the 21st century—a crucial period for China's realizing its magnificent socialist course—approaches, we have to place the theory and practice of opening up in the new period in a higher position. We are very sure that with the efforts of several generations, Comrade Xiaoping's great strategic objective will be achieved.

#### Vice Finance Minister on Taxation Reform

*HK0912151293 Beijing RENMIN RIBAO in Chinese  
23 Nov 93 p 2*

[Article by ZHONGGUO CAIJING BAO (CHINA FINANCIAL AND ECONOMIC NEWS) reporter Liu Zhonghua (0491 0022 5478) and RENMIN RIBAO reporter Li Jianxing (2621 1696 5281): "Properly Tackle the Major Problem of Financial and Taxation Reform—Vice Finance Minister Xiang Huaicheng Speaks on Reform in Tax Assignment System"]

[Text] A financial and taxation system which suits and promotes a socialist market economy will start normal operations nationwide in 1994.

Properly handling relations between the central and local governments and implementing a financial and taxation system in light of the requirements of a socialist market economy constitutes the main part of reform. It is also an issue of popular concern. What, then, are the basic principles and schemes of the reform? What are the characteristics? With these questions in mind, we interviewed Vice Finance Minister Xiang Huaicheng.

Xiang Huaicheng said that the tax assignment system is a system used universally by countries practicing the market economy. Established in light of the principles of a market economy and the theory of public finance, it is a relatively standard method for handling the relations of financial distribution between the central and local governments. What we intend to establish is a tax assignment system with Chinese characteristics which incorporates the strong points of other countries and is suited to our national conditions. Generally speaking, the reform includes the following three basic principles and contents:

First, delimitation of tax categories based on the delimitation of the power over enterprises and undertakings. Viewed from China's current status quo, the basic responsibilities of the central and local governments are clear. To put it simply, the central government shall be responsible for expenditures of state defense, diplomatic affairs, the armed police forces, key construction projects, payment of principal and interests of the domestic and foreign debts of the central government, and the spending of the state governmental administrative departments, while other expenditures shall be

undertaken by local governments. To assign taxes based on delimiting the power over enterprises and undertakings, the taxes necessary for safeguarding the rights and powers of the state and exercising macroeconomic regulation and control are all central taxes, such as tariffs, consumption taxes collected by customs, value-added taxes, income taxes of state enterprises, and turnover by railways, banks, and insurance departments, and financial enterprise income taxes for the financial business licenses issued by the headquarters of the People's Bank of China will be regarded as the fixed income of the central government.

Taxes collected by local governments include business tax (deducting the turnover by banks, railways, and insurance departments), income tax of local enterprises, and personal income tax. The tax categories directly related to economic development, also called shared taxes, include value-added tax, securities trading tax, and natural resources tax. Of this, the value-added tax will be divided at 75 percent for the central government and 25 percent for the local governments. Securities trading tax, currently collected only in Shanghai and Shenzhen in the form of stamp duty, will be divided 50/50 between the central and local coffers. Regarding natural resources tax, as most of the country's natural resources are in central and western areas which are poor provinces and regions, such tax revenue is now mainly kept by local governments, while the central government maintains the right to share the tax income. But the tax income from offshore oil resources belongs to the central government.

Second, the central and local governments will set up different taxation departments to collect taxes. As the tax categories are separated, the tax departments should also be separated. The national tax service and local tax service will levy their own taxes. This is an essential characteristic and strong point of the tax assignment system. Unless these departments are separated, it will be difficult to ensure revenue of the central government.

Third, the central government must amass the necessary financial resources. According to the usual practice of countries applying the tax assignment system, the central government should control over 60 percent of state revenue, of which about 40 percent will be the expenditure of the central government. The other 20 percent will be allocated to local governments by earmarked transfer grants. The central government needs to control a large portion of state revenue to ensure the needs of national defense and diplomatic affairs, narrow the gap between the rich and poor areas, and support the infrastructure and key construction projects. A large amount of financial resources is also needed for exercising macroeconomic regulation and control. This is also the need of state unity, economic development, and long-term stability. Income of the central government in 1981, which accounted for around 57 percent of the state revenue, dropped to 38.6 percent in 1992, a drop of around 20 percent in 11 years. As a result, the central government

faced serious difficulties and was heavily in debt. Deficits increased from 2 billion yuan annually in the 1980's to the current 20 billion yuan. If the debts are included, actual deficits total 90 billion yuan. Unless we put an end to such a state of affairs, it will be difficult to exercise macroeconomic control and regulation and to optimize the distribution of resources.

On the current reform of the tax assignment system, Vice Minister Xiang Huacheng further defined the following points: First, the current reform will be carried out in a progressive way. The distribution setup of the old system will continue unchanged. It will be adjusted later. At present, it is necessary to first establish the new mechanism of the tax assignment system. Second, in the new tax assignment system, the central government will retain only a limited amount of the value-added taxes, which will be mild and bearable for the local governments. Third, in the new tax assignment system, the central government will not shift the burden to the localities. Fourth, reform embodies the spirit of arousing the enthusiasm of the central and local governments. On the premise of keeping the existing distribution unchanged and standardizing the new system, the interests of the localities will be fully considered. Specifically speaking, 1993 will be regarded as the base and the vested financial resources of 1993 will remain unchanged. The portion from the increment shared by the central government will be duly returned to the localities.

While implementing this year's budget, there are some problems which merit attention. Some localities say that it is unlikely that the base figure of 1993 will be the actual figure of the year and it is likely that the year's figure will be based on the income of the third quarter. Hence, they artificially submit their incomes and increase the growth in their incomes for the third quarter, believing that they have gained extra advantage. Some other localities want to "clear the pool." Some localities have urged the special banks to grant loans to enterprises to pay their taxes. Xiang Huacheng said that such practices are wrong, which should be resolutely checked and corrected. It is a good policy to take 1993 as the base figure and arouse the enthusiasm of the localities.

However, if we proceed from partial interests and adopt improper means to expand this year's income in a bid to increase the vested financial resources, it will not only affect the interests of the central government but will also harm the interests of the localities and enterprises. If the base figure of this year's value-added tax and consumption tax is raised artificially through improper means, income of the next year is incorporated with this year's, or if the arrears over the years are all collected, it can only lead to two consequences: Income from the next year's value-added tax will decrease, the nation's growth will be lowered, and the portion for the localities will be reduced correspondingly. Moreover, the arrears involve overstock goods, of which some do not exist at all. If the arrears are collected indiscriminately, it will increase the

difficulties of enterprises and eventually become a burden of the local governments. The State Council has urged all localities not to collect excessive taxes, collect taxes in advance, or violate financial discipline. If such cases occur, a notice will be circulated nationwide, the base figure will be recalled, the incomes confiscated, and those involved will have to take the blame. All localities should take note of doing more work.

In the future, the local governments will have three kinds of incomes: First, fixed incomes; second, money shared by the local government; and third, income returned from the central government (supplementary income from the old system in the subsidized localities). As the sources of these three kinds of incomes have increased, the gradual increase in local revenue will be ensured after implementing the tax assignment system. In the final analysis, the purpose of the current reform of the tax assignment system is to standardize the relations of distribution between the central and local governments and arouse their enthusiasm. This is the fundamental proceeding point of the reform.

#### **Column on Reform of Taxation System**

*HK1012042893 Beijing RENMIN RIBAO in Chinese  
28 Nov 93 p 2*

[“Random Talks on Tax Reform” column by Kai Ping (0418 1627): “Why Is Further Reform of Taxation Necessary?”]

[Text] The taxation system is an important aspect of the macroeconomic management system. Over many years in the past, the taxation system in our country has been reformed again and again, according to the needs of the overall process of the economic structural reform, and taxation has played a much greater financial and economic regulatory role. The current taxation system, however, is a product of the transition of economic systems, and bears obvious transitional characteristics. In practice, the taxation system has become highly unsuited to the needs of developing the socialist market economy. Therefore, a major reform of the current taxation system must be carried out.

#### **First, Problems in the Current Taxation System**

The basic framework of the current taxation system was established in 1984 through the adoption of the policy to replace profit delivery with tax payments, and on the basis of the industrial and commercial taxation reform. At that time, the general principle for the economic structural reform was to “combine the planned economy with market regulation.” According to this principle, the guidelines for reforming the taxation system included too strong a tendency to use the taxation system to interfere with the market mechanism. For example, taxation was used to mitigate the contradictions caused by the unreasonable price structure, and this was taken as the principle for the reform of the main taxes. This led

to the relevant stability of the unreasonable price structure, and also caused deformity to the taxation system itself. As the scope of the value-added taxes gradually has expanded and as product prices gradually have been decontrolled in a broader scope, the contradiction in this connection also has become more prominent. In our country, the value-added taxes still are being collected in a rather limited scope, and the tax rates are divided into many levels. The methods for calculating and collecting the taxes are very complicated. This is directly related to the problem in the taxation system.

The unsuitability of the current taxation system to the needs of the market economy is reflected primarily in the following facts:

1. The taxation structure is not reasonable enough, and is not suited to the changes in the national income distribution pattern. First, the whole taxation structure is unreasonable, and some taxes are no longer suited to the current economic development. Second, the integrated use of various transit taxes is not reasonable enough, and this does not give full play to the role of taxation in organizing revenue and regulating the economy. In addition, the two sets of taxation systems for foreign-funded enterprises have become more and more contradictory. Third, enterprise income taxes are imposed according to different types of ownership systems, and this is not suited to the requirement of orienting enterprises to the market, effecting fair competition, and transforming operational mechanisms. Fourth, the current conditions of the local taxes are unfavorable to the implementation of the tax-sharing system.
2. Large and medium-sized state-owned enterprises have to deliver profits to the authorities after paying taxes, and they are bearing burdens that are too heavy. As a result, they lack the capacity to transform and develop themselves. At the same time, such problems as nominal tax rates that are too high, actual tax burdens that are too low, and an unreliable tax base also are rather prominent.
3. In the taxation management system, the powers that should be held in the hands of the central government have not been concentrated properly, and the powers that should be delegated to the local governments have not been decentralized boldly. This is unfavorable to arousing the initiative of the central and local governments. Some local governments frequently transcend their powers in granting tax exemptions.
4. The scope and degree of taxation regulation still do not meet the requirement for bringing all production factors into the market. The taxation still cannot effectively regulate such economic fields as land value increases, individual incomes, and the capital market.

#### **Second, Requirements of the Market Economy Structure on Reform of the Taxation System**

A reasonable and effective taxation system is an important pillar of the market economy structure. So we

should adopt the following guidelines in the current taxation reform and in the course of establishing the new market economy structure:

**Sharing tax burdens fairly in order to promote competition.** Under the conditions of the market economy, the distribution relationship between the state and enterprises is basically carried out in the form of taxation. Therefore, guaranteeing fair taxation is of decisive significance in guaranteeing fair competition and promoting the transformation of the enterprise management mechanism.

**Adjusting wealth distribution.** Under the conditions of the socialist market economy, the role of taxation in adjusting wealth distribution finds expression in two aspects. First, it coordinates the interests of the state, the collective, and the individual, and rationalizes the distribution relationships between the state and the enterprises and between the central and local governments. Second, individual income is adjusted through taxation so that the goal of effecting common affluence can be achieved.

**Strengthening taxation's role in accumulating funds.** Accumulating funds for the state is always the basic function of taxation. Under the conditions of the market economy, the state's financial resources will be collected mainly through taxes.

According to these and the problems in the current taxation system, the taxation reform should be a large-scale structural reform, and its main contents should include the collection of neutralized value-added taxes in a broad scope, the imposition of unified enterprise income taxes, the establishment of the individual income tax system, and an increase in the proportion of the local taxes. Through the taxation reform, we will achieve the goals of ensuring fair tax burdens, unifying tax regulations, simplifying tax systems, reasonably dividing powers, standardizing distribution forms, and rationalizing distribution relations.

#### Socialist Market Economy For 1994 Discussed

HK1012112593 Beijing CHINA DAILY in English  
10 Dec 93 p 4

[CHINA DAILY commentary: "Crucial Stage"]

[Text] The State Council recently convened a series of working conferences to thrash out specific measures on reform and economic development in the coming 1994.

The consensus reached at those conferences is that the new year will be a crucial stage for the establishment of a socialist market economy.

Based on the successes of the reform drive in the past 15 years, planners are confident that breakthroughs can and must be achieved in important economic sectors next year. This will ensure the successful implementation of China's development programme, which is aimed at

maintaining sustained and balanced economic growth and gradually realizing an all-round takeoff.

Specifically, market measures are to be taken in the following sectors next year.

#### Measures

The People's Bank of China is to become more independent and powerful in the country. Its main tasks are to control the money supply and ensure monetary stability.

A few national banks will be set up to provide policy-related loans, that is, loans granted to meet government policy requirements rather than merely make profit. The existing specialized banks are to be transformed into commercial ones.

In finance and taxation areas, the focus will be on redistributing revenue between central and local authorities, and between the government and enterprises. The new distribution will be more rationally decided.

The new tax collection method dividing taxes between the central and local governments is to be effective as of January 1, 1994. It will replace the contract system between the central and local authorities.

It has been recognized that the contract system—by which localities are only required to turn over a fixed percentage of their revenue to central coffers—has its shortcomings. Though it has increased enthusiasm of localities, it has weakened the central government's macro control of economy and delayed the emergence of a unified market.

Reforms are also to be launched on foreign trade. Control will be lifted over exchange rates next year, allowing them to fluctuate in response to the market.

Meanwhile, price reform is to be pushed forward carefully to reach its successful conclusion so as not to trigger tremendous inflation.

#### Tasks

Enterprise reform and the establishment of a social insurance system are two other tasks slated for the coming year, though a concrete plan has yet to be defined.

Although the goal of enterprise reform is to establish a modern enterprise system, the debate over property rights—a key link of the reform package—has not been concluded. Some people fear that it will shake the dominant position of the public sector.

Establishment of a sound social insurance system is essential for deepening economic reforms. Without such a system, it will be difficult to maintain social stability, which is a precondition for the reform process. To accompany these reform measures, an insurance system should be worked out in detail as soon as possible.

There is no doubt that reform means readjustment of the pattern of interests. Those who are adversely affected by it are apt to try to slow it down. This calls for appropriate handling so that further reform will meet with little resistance and distortion.

China's reforms have deepened to the point that now is the very time to break the back of it.

If the major tasks scheduled for the coming year are carried out, a solid groundwork will be laid for a socialist market economy to take shape by the end of this century.

**State Commission on Developing Market System**  
*HK0912033093 Beijing XINHUA Domestic Service in Chinese 2129 GMT 6 Dec 93*

[By reporter Chen Yun [7115 5366]: "The State Commission for Restructuring Economy Advances the Train of Thought on Work to Nurture and Develop the Market System"]

[Text] Beijing, 7 Dec (XINHUA)—Only by building a sound and fully developed market system can the healthy operation of the socialist market economy be guaranteed. To this end, the State Commission for Restructuring Economy has advanced the train of thought on speeding up the work to nurture and develop the market system.

The main contents of this train of thought for the work are:

—Reform the existing commodity circulation system. The consumer goods market should properly do a good job in building various kinds of wholesale markets in accordance with different commodities, trades, and local conditions. Regarding grains, edible oils, sugar, hogs, vegetables, aquatic products, Chinese medicines, and other products in large quantities, it is necessary to increase market transaction volume and improve ways of trade. The agent and auction systems should be adopted for some commodities. The capital goods market should, in the present stage, emphasize the development of the spot market to provide direct trade service between suppliers and users, should concentrate efforts on the nurturing and building of markets for key industries such as the rolled steel, mechanical and electrical products, petroleum, chemical, building materials, and nonferrous metals industries, and should make great efforts to develop and standardize the forms of transaction for medium- and long-term contracts. Selected points for experiment in the futures market should adhere to the principle of "starting from standardization, strengthening legislation, and carrying out experiments in, and exercising strict control over, everything." Only by resolutely breaking monopolies and barriers between localities and trades can these markets really develop.

—Put the development of the production factor market in a prominent position, and speed up the development of the financial, labor, enterprise property rights, real estate, technology, and information markets. The main measures are: Appropriately increase the ability of direct funding of the fund market; speed up the establishment of the bill acceptance market; allow enterprises which make profits to issue bonds for working funds; make plans to work together with other departments concerned to set up labor markets in Shanghai and Shenyang on an experimental basis; explore and establish some pioneering, production, and operation share-holding technology companies. If the production factor market lags behind or is not standardized, the access of production, commercial, and trade enterprises to the market will inevitably be restrained.

—Speed up the convergence of domestic and foreign markets, promote foreign trade reform, and encourage and develop group companies, "comprehensive commercial conglomerates," and transnational chain groups which integrate domestic trade with foreign trade and which integrate technology and industry with trade. It is planned to select some enterprises in coastal cities to carry out experiments on comprehensive conglomerates and to select the catering trade, the tourist trade, and other trades which have special characteristics or strong points for the development of transnational chain operations. Accelerate the speed of opening up to the outside world of the commodity circulation field. Select some commodity circulation enterprises for transformation. Absorb foreign capital through leasing, joint ventures, or sole proprietorship to transform or build market facilities. This is also applicable to the railway, highway, navigation, storage, transportation, and other service fields.

—Make great efforts to develop chain commercial groups and promote the integration of production with circulation. Select some trades and localities for carrying out several forms of experiment: 1) Large retail enterprises or chain commercial groups headed by wholesale enterprises with substantial strength; 2) operational organizations which regard production enterprises as the guiding factor and which integrate technology and industry with trade and agriculture and industry with trade and which carry out local inter-trade chain operation; 3) the development of service, catering, and other chain stores whose aim is to provide convenience for the people.

—Make great efforts to develop intermediary service organizations for the market. At present, emphasis should be laid mainly on the development of: Market self-discipline organizations for coordinating enterprise behavior, such as various forms of trade associations and chambers of commerce; brokers' firms, auction firms, and pawnshops to directly serve market transactions; lawyers' offices, accountants' offices, auditors' offices, and fixed assets assessment offices to guarantee fair transactions and competition in the

market; research, advisory, and information service organizations, quotation systems, clearance centers, goods and materials delivery centers, and trade warehouses to promote market development; arbitration organizations to regulate market conflicts; measurement, quality inspection and production inspection service organizations to provide services for supervising market activities; and centers for the exchange of personnel, circulation associations, and employment agencies.

—Firmly grasp the legislation of basic laws and regulations to readjust market transaction relations and maintain market order.

### XINHUA Studies Fifteen Years of Reform

OW0912041293 Beijing XINHUA Domestic Service in Chinese 0043 GMT 12 Nov 93

[Report by XINHUA reporter Zhang Jinsheng (1728 6930 0524) and correspondent Qin Hongyu (4440 4767 7183)]

[Text] Beijing, 12 Nov (XINHUA)—Fifteen years have passed. The tides of reform in China, one surging higher than the other, are still pounding the 9.6 million square km of the divine land, bringing about sweeping changes over the vast motherland. This great practice, known throughout the world, has created outstanding achievements unprecedented in China's history, emancipated huge productive forces, and created a huge amount of wealth admired by the people of the world, thus enabling the Chinese nation to stand more powerfully among the world's family of nations.

Acting in accordance with the principle that practice is the sole criterion for judging truth, we have, in the course of practice in the past 15 years, blazed a development path suitable to China's national conditions:

The introduction of the household contract responsibility system linking output to payment in the countryside has enhanced the enthusiasm of millions upon millions of peasants and unprecedentedly emancipated the productive forces in rural areas.

The unitary public ownership structure has been broken and replaced by various economic sectors existing side by side, which include state-owned and collectively owned enterprises, as well as joint ventures, cooperative undertakings, and exclusively owned enterprises, all of which have served to propel the national economy's development.

Conspicuous changes have taken place in the highly centralized system of unified planning, which is gradually being transformed into a socialist market economic system. The deepening of reform has expedited the cultivation of markets. Multichannel, open commodity markets with fewer circulation links have been improved

with each passing day; while financial, technology, labor service, housing and real estate, and information markets are on the rise.

The promulgation of the "Regulations on Transforming the Operation Mechanism of Industrial Enterprises Owned by the Whole People" has further deepened the reform of enterprises and enhanced their initiative, thus creating the conditions for their entry into the market.

Opening up to the outside world has spread from the coastal areas to the border areas, areas along the Chang Jiang, and to areas deep in the hinterland, all of which have scored fruitful results.

Successful experience accumulated in the construction of the economic special zones and the "windows" on opening up to the outside world, which have demonstrated their strong vitality, have attracted economic technologies from various parts of the world, which have helped the rapid development of China's economy....

Today, 15 years later, opening up to the outside world and the vigorous economic structure have led to the emancipation of the productive forces, an increase of overall national strength, and improvement of people's living standards.

As a whole, compared with 1978, China's overall economic strength is stronger than ever before. The gross domestic product [GDP] rose from 358.8 billion yuan to 2,402 billion yuan, an increase of 2.33 fold if calculated in accordance with comparable prices. The average growth rate per annum was 9 percent, much higher than the average growth rate of 6.1 percent in the 26 years between 1953 and 1978. On this basis, the GDP during the first three quarters of this year was 2,006.8 billion yuan, with the growth rate reaching 13.3 percent.

Industrial production also reached a new level. Industrial output value increased from 160.7 billion yuan in 1978 to 1,012.8 billion yuan in 1992, rising 3.2 times if calculated using comparable prices and increasing at an average rate of 10.8 percent. In the first nine months of this year, the momentum of high growth rate for industrial production was maintained. Compared with the same period last year, the growth rate was 24.1 percent. The output of major products rose by a large margin: crude oil rose from 104.5 million tonnes to 142.1 million tonnes; power generation increased from 256.6 million kwh to 753.9 billion kwh; steel went up from 31.73 tonnes to 75.39 tonnes; automobiles increased from 149,000 units to 1,067 million units. Industrial production, the development of such consumer goods as light industrial goods, household appliances, and textile goods was especially rapid, with the output of synthetic fibers, TV sets, and refrigerators rising 6.49, 54.4, and 172.5 times respectively. China's world rankings in the output of synthetic fibers and TVs rose from seventh and eighth to second and first respectively. Despite their operation in a strained situation, transportation and posts and telecommunications developed fairly rapidly. In 1992, the volume of cargo transported reached 2,921.8 billion

tonne/km and that of passengers was 694.9 billion person/km, an increase of nearly 2 and 3 times respectively. There were 1,686 berths in the coastal ports, which increased 3.2 times. The total civil air routes amounted to 837,000 km, an increase of 2.2 times. The business volume of posts and telecommunications was 29.1 billion yuan, a rise of 24 times.

The long-term stagnant agricultural production situation has ended, with farming, forestry, animal husbandry, sideline production, and fishery gaining full development. The aggravated value of agriculture increased from 101.8 billion yuan in 1978 to 574.4 billion yuan in 1992, an increase of 1.03 times if calculated with comparable prices; the average growth rate per annum was 5.2 percent, much higher than the average 3 percent scored in the 26 years preceding 1978. At present, the output of China's main farm and sideline products ranks high in the world, with grain jumping from second to first place and cotton, pork, beef, and mutton from third to first. Meanwhile, the countryside has seen a rapid development in nonagricultural sectors such as industry, construction, transportation, and commerce, which has spurred the prosperity of rural economy as a whole, pushing the ratio of the total social output value of nonagricultural sectors in rural areas to 64.2 percent from 31.4 percent.

Domestic and international trade are elevated onto a new stage. The total volume of retail sales increased to 1,099.4 billion yuan in 1992 from 155.9 billion yuan in 1978, an average growth rate of 8.5 percent per annum after deducting price factors; the total volume of import and export reached \$165.6 billion, an increase of 7 times, with an average annual growth rate of 16 percent as compared with that of 9.5 percent scored in the 26 years preceding 1978. In terms of ranking in the total volume of import and export, China has jumped from the 32d to 11th place. Meanwhile, export commodities have changed from mainly primary products to manufactured goods.

Scientific, technological, educational, and cultural undertakings enjoy vigorous development. The number of general institutions of higher learning across the country has reached 1,053, cultivating an accumulated number of 5.815 million graduates, much higher than the total number of the previous 26 years. In 1978, there were 8.9 college students per 10,000 people in the country. By 1992, that number had increased to 18.6. The theory that science and technology constitute the primary productive force have struck deep roots in the hearts of the people and the value of knowledge has been extensively acknowledged by the society. Over the past 15 years, China has achieved results in developing 195,000 state-class major scientific and technological research projects, with 2,313 inventions winning awards from the state. The volume of transactions in technological markets nationwide and the number of patents approved have .

The achievements of the reform and opening up to the outside world over the past 15 years have brought about unprecedented actually benefits to millions upon millions of Chinese people. Microscopically, a marked improvement has been made in the masses' food, clothing, shelter, and transportation situations and the people are now enjoying a much higher living standard. Today, when members of each family get together, they will not forget that 15 years ago, people were troubled by various kinds of commodity-purchasing coupons and long lines to buy goods. At that time, TV sets, washing machines, refrigerators, and stereos were rare commodities. While people complain about "rapid price hikes," none of them can deny the fact that the multitude of eye-catching commodities in the market means the end of a situation in which consumer goods are in serious short supply for a long time. People are paying more attention to nutrition in their diet and are replacing blue-colored clothes with good-looking fashions. The average per capita living space for rural and urban residents has reached nearly 20 square meters and 10.4 square meters respectively.

According to statistics, the average net income of rural residents in 1992 reached 784 yuan, an increase of 2.3 times after deducting price factors; the figure for urban residents was 1,826 yuan, an increase of 1.3 times. As compared with the same period of last year, the first three quarters of this year have witnessed a growth rate of 5 and 12 percent for rural and urban residents' per capita income respectively. The savings of urban and rural residents has increased 53.8 times as compared with 1978. By the end of this September, the money that people across the country had deposited in banks reached 1,386.7 billion yuan.

This is a splendid record the Chinese people have achieved in improving their economy over the past 15 years of reform and opening up drive. It shows the whole world that the lion of the East is now marching bravely along the road of reform and opening up. Millions upon millions of Chinese people will write an even more illustrious chapter of history.

#### Column on Modern Corporation Reforms

HK0912003093 Beijing RENMIN RIBAO in Chinese  
22 Nov 93 p 5

[“Earnestly Study ‘Decisions’ by Third Plenary Session of the 14th CPC Central Committee” column by Liu Guoguang (0491 0948 0342): “Brief Exposition of the Creation of a Modern Corporation System”—first five paragraphs are RENMIN RIBAO introduction]

[Text]The creation of a modern corporation system represents a pillar and a key part in the overall framework of the socialist market economic system laid down by the Third Plenary Session of the 14th CPC Central Committee.

**The status of firms as legal corporate bodies signals a modern corporation system. The main features and progressive significance lie in: One, a clear relationship between management and ownership rights; two, explicit rights and responsibilities; three, providing a mechanism of checks and balances between owners, representatives of the corporate body, managers, and labor; and four, ready access to financing and the provision of a structure favorable for expansion in production scale and capital socialization.**

**A firm as a standardized corporate body makes it possible to separate government functions from business management and transform enterprises' operating mechanisms and is an effective way to transform state-owned firms into modern ones.**

**To transform state-owned enterprises into modern corporations, it is necessary to strengthen in-house management of state-owned assets by firms. Separating governments from capital holding means that we can separate the management from the operation of state-owned assets.**

**The formulation of the "Company Law" is a matter of great urgency, if only to provide parameters and norms for the corporation reorganization effort.**

The Third Plenary Session of the 14th CPC Central Committee has furnished us with a socialist market economic system as an overall framework. One key part and pillar of this framework concerns the creation of a modern corporation system. In this article I would like to report on some of the things I have learnt about this problem.

To put a socialist market economic system in place, we first need a dominant body representing sound market activities. Of the many kinds of market players, firms are the most basic and important. During the last 10 years or so, the reform of state-owned enterprises has remained the focus of our country's economic structural reforms and its approach basically has been to expand the decisionmaking powers of firms. Such reform has scored some achievements. The promulgation of "ordinances" for transforming enterprises' operating mechanisms and their implementation has helped put decisionmaking powers into the hands of firms and paved the way for firms to enter the market.

However, so far measures for state-owned enterprise reforms have basically been the products of the concept of "granting powers and giving concessions." None of them has ever touched the problem of transforming the traditional enterprises under the planned economy. Other problems which have long plagued state-owned enterprises, such as the failure to distinguish government functions from business management; unclear property rights; enterprises not getting the promised decision-making powers; and unsound self-restraint mechanisms have never been really addressed or tackled, with the result that firms are still languishing and fare poorly in economic efficiency, their behavior being unregulated.

Facts prove that to deepen enterprise reforms, it is necessary to solve deep-seated contradictions; policy adjustments which consist chiefly of granting powers and giving concessions must be redirected toward creating a corporation system that aims at clarifying relations between management and ownership rights; and it is necessary to probe for an effective way to combine the state-owned economy with market economy.

**A new line of reformist thinking to provide institutional innovations for state-owned enterprises.** Recently a consensus has emerged within our country's economic and theoretical circles, namely, to institute a new type of corporation system characterized by firms as legal corporate bodies. It is a form of modern corporate system and a cultural achievement resulting from the market economy and the long development of large-scale socialized production. Its main characteristics and progressive significance are: One, a clear relation between management and ownership rights. It effectively realizes the separation between the ownership rights of the investor and the property rights of a firm, enabling it, now a legal corporate body brought into existence by the capital of the investor, to act as a legal entity and a player in the market, capable of exercising its civil rights and held accountable for its civil responsibilities. Since the state is the giver of the capital and therefore possesses the ownership rights, it can ensure the public ownership nature of the capital committed to the firm. Two, explicit responsibilities and rights. When a firm acquires capital as a legal entity, it will be assured of autonomous management powers and, at the same time, charged with a bigger responsibility for its own profits and losses and maintaining and increasing the value of the capital contributed by the investor. On the strength of his capital contributions, the investor possesses ownership rights, including the right to earnings on capital and to take part in key decisions and choosing the firm's managers, though he is not directly involved in the management of the firm. On the other hand, when the firm goes bankrupt, he is responsible for its debt to the extent of his capital contributions. Third, through the formation and installation within a firm of supervisory organs, such as shareholder meetings, boards of directors, executive departments, and overseers committees, a system of checks and balances will come into place to mediate between the owners, representatives for the legal corporate body, the managers, and labor. Four, such a modern corporation system will have ready access to finance and will provide a structure favorable for expanding the production scale and capital socialization. Turning state-owned enterprises into legal corporate bodies will pave the way for severing the government-business nexus, straightening out the management-ownership relations in state-owned assets, and transforming the mechanisms of state-owned enterprises, apart from widening the scope of financing and promoting the development of socialized large-scale production.

Depending on the investor mix, modern enterprises can take many forms of organization, basically consisting of

**sole proprietorship, partnership, cooperatives, and corporations. A standardized corporation system helps separate government functions from business, transforms enterprise operating mechanisms, and is an effective way of turning state-owned enterprises into modern corporate bodies.** Classified according to liability and shares of equal denominations, a corporation can be a company of unlimited or limited liability or a joint-stock company with limited liability. A company of unlimited liability demands from the company's investors unlimited responsibility for the company's losses or debts and does not suit the state-owned enterprise reform. **Qualified large and medium state-owned enterprises in our country can, as the law permits, be reorganized into limited companies or joint-stock limited companies.** A limited company carries all the usual advantages of a corporation, plus the attractions of limited amounts of required capital, small numbers of shareholders, relatively simple operations, and, therefore, low reform costs. In the initial stage of changing state-owned enterprises into the corporate system, we should first turn enterprises with good economic efficiency and falling within the industrial policy into solely-owned or joint-stock limited companies and some into joint-stock companies permitted to issue internal shares to workers within the companies. Requirements for listed joint-stock limited companies will be even stricter as they involve the interests of the investing public. Only stable growing enterprises of high economic efficiency can be reorganized into the joint-stock mode and listed; and they have to go through a rigorous vetting procedure. In the joint-stock experiment, many localities and companies came to see dividing ownership into shares and their public flotation as the main contents of corporation reform, viewing this as a quick way of financing and creating new enterprises; and some publicly listed companies keep the same operating mechanisms. This does not meet the requirements of a modern corporation system. In fact, the corporation system reform is primarily aimed at changing the mechanisms, not raising capital. If international experiences are any guide, then for a long time to come enterprises in our country should still rely on indirect financing through banks, supplementing their need for capital with indirect financing through securities markets. Therefore, while we should continue to pursue vigorously the experiment of the public flotation of joint-stock companies, such a pursuit should not become the focus of our country's corporation system reform.

**To provide a standardized management structure and operating mechanism for a company, it is necessary to diversify ownership rights, that is, to have more than one shareholder.** In the case of a state-owned enterprise, this can be achieved by transferring a fixed amount of shares of its assets, expanding new issues, or by means of negotiable ownership shares and joint investment or joint ventures. However, international experience also shows that extremely diversified ownership rights work against a company's long-term capital development and

prevent effective supervision of the company's management. Meanwhile, there is also the question of keeping the state-owned economy in a dominant role in diversifying ownership. Some comrades worry that in reorganizing state-owned enterprises into companies with diversified shareholding, we will inevitably weaken the dominant role of the state-owned economy, or may even lead the whole down the path of privatization. In point of fact, the method helps companies absorb a wide range of idle funds from society into industries targeted by the state for development and fills the shortfall in state funds. As long as the state maintains its major shareholder status in a company's overall share ownership, it will strengthen, not weaken, the role of the state-ownership economy as the dominant player and expand its sphere of influence. Of course, the state need not hold a controlling share in all industries and enterprise. The proportion of shares owned by the state in a company's overall capital structure depends on the type of industry in question. Industries involving state security, hi-tech, and the production of special products should be wholly owned by the state, though we can still pursue corporate-style management and operations there. In the case of key enterprises in infrastructural and strategic industries, their capital structure can be changed gradually from whole state ownership into one in which the state has a controlling share, the specific proportion of which depends on the extent of the diversification of shares. The more diversified the shareholding by nonstate-owned legal entities or natural persons, the smaller the state can maintain the scale of its controlling share. For enterprises competing with each other in ordinary industries, the state can just be a shareholder and need not be a controlling one. Units operating on state-owned assets should commit state-owned shares to market operations in order to enliven state-owned assets and maintain and increase their market value. However, they should do this in reference to the state's financial status and movements on the financial markets and within the parameters set by state macroregulatory and control policies.

**It is necessary to strengthen the management of state-owned assets within enterprises if state-owned enterprises are to be reorganized into modern legal corporate bodies.** For this purpose, we must distinguish between the state as an owner of state-owned assets and the state as a manager of the economy at large. This is, in other words, the separation of government from capital holdings. These two capacities, both residing in the government, carry different objectives. The failure to distinguish between these two capacities often renders government-issued decrees self-contradictory or erroneous; moreover, these administrative decrees are often such that enterprises are unable to resist. The failure to separate government from capital holdings, and the failure to separate government functions from business management, are two sides of the same coin, neither will be solved without entailing the other. We must create and strengthen special authorities to take full charge of the management of ownership rights of state-owned assets to put a stop to the situation whereby overlapping management, by a multitude of

departments, conceals a state of irresponsibility. We must actively probe for ways and means to strengthen the management, operations, and rational movements of state-owned assets. In my view, we should even separate the management from the operation of state-owned assets. Departments managing state-owned assets will be responsible for the administrative side of the management. At the same time, we can consider allowing these departments to authorize or entrust the parent companies of large corporations, investment houses, or big enterprises, with the necessary financial powers, to be major investors or shareholders, to own major holdings, and as such to exercise, within certain scope, operational powers over the state-owned assets. We can also create a number of state-owned asset operating firms which will target medium and small enterprises and operate on value-form [jing ying jia zhi xing tai 4842 3602 0116 0237 1748 1966] state-owned assets. During the transition, the state can authorize some specialized economic departments to set up state-owned asset watchdogs to oversee enterprises in maintaining and increasing the market value of state-owned assets; as these specialized economic departments fade out, these watchdogs should themselves be turned into state-owned asset operating firms. In line with the modern corporation system, current national corporations should slowly be transformed into incorporated enterprise conglomerates or state-owned asset operating firms holding controlling shares in these national corporations. As we are losing heavily state-owned assets, in pursuing corporation reorganization we need to adopt effective measures to prevent the transfer and sale of shares at low prices, or for free, to individuals. Loopholes must be plugged on all sides to ensure that state-owned assets and the interests therein are not violated.

Turning state-owned enterprises into modern corporations is a very complicated and difficult process. While straightening out the management-ownership relations remains a key link in the state-owned enterprise reform, of itself it cannot solve the many other problems besetting these enterprises. What is more, straightening management-ownership relations cannot proceed smoothly if these problems remain unsolved. These problems include: Heavy tax burdens on state-owned enterprises, irregular fund raising, arbitrary apportionments and levies, the increasingly heavy burden of providing for retired and redundant personnel, various social welfare commitments undertaken by the enterprises, and so on. These problems must be tackled by corresponding policies and measures, and reformist measures, so that corporation reorganization can be pursued in a more favorable external environment. In the process of corporation reorganization, we will set up special foundations to help enterprises meet their social welfare commitments.

The decisions by the Third Plenary Session will deepen and widen our country's market-oriented economic structural reform on all fronts, at both the macroscopic and microscopic levels. At present, reforms in the macroregulatory and control system, which include reforms

in the financial, tax, banking, investment, and planning structures, are picking up speed, requiring reforms at the microeconomic levels to keep up the pace. This means, above all, that we must quicken the pace of reorganizing state-owned enterprises into a corporate mode; and we need to formulate a "Company Law" as soon as possible to provide norms for the corporation reorganization effort. Those large and medium enterprises that lack the conditions for corporation reorganization should actively work to create such conditions. In the meantime they can continue to abide by the "Company Law" [as published] and the "Rules For Transforming Operating Mechanisms of Manufacturing Enterprises of Whole-People Ownership." Ordinary small state-owned enterprises may, depending on their own situations, opt for contracted management, lease out their management, or reorganize into joint-stock cooperative enterprises. Some of them may sell their management to collectives or individuals. The sales of the property rights of small state-owned enterprises and transfer of the shares of large and medium state-owned enterprises should be seen as a change in the form of state-owned assets. Income derived from such sales and transfers should, in line with the industrial policy, be injected into industrial departments and enterprises most in need of development. We should also strengthen the management system to prevent any loss of state-owned assets during the change.

#### Article on State Council, 'Outflows of Renminbi'

HK0912151893 Hong Kong CHENG MING in Chinese  
No 194, 1 Dec 93 pp 26-27

[Article by Lu Hsiung (0712 7160): "State Council in Emergency: Outflow of 70 Billion Yuan"]

[Text] A report submitted on 28 October by the State Council Economic Research Office revealed that outflows of renminbi have run out of control. Any change would precipitate impacts of disastrous proportions on China's entire economy and its finance: China would be emptied of its foreign exchange reserves and renminbi exchange rates would plummet, sending shock waves throughout the economy.

In the afternoon of 5 November, under the name of the CPC Central Committee and State Council, Li Peng called an emergency telephone conference with the party and government leaders of all the country's provinces, autonomous regions, and cities. The agenda of the meeting: With immediate effect, strictly ban all outflows of funds and scrutinize and audit overseas assets.

#### Renminbi Outflows Have Run Out of Control

Li Peng warned at the telephone conference: In recent years, huge funds have flowed out of the country from ministries, commissions, local departments, enterprises, and units in an irregular and blind fashion, seriously

draining state foreign exchange reserves, stimulating inflation, and emptying the renminbi of its real value and depreciating it.

Li Peng pointed out: So far this year the situation has only worsened. Foreign exchange capital has flowed out of the country or is being deposited overseas; even the renminbi is flowing out massively. Outflows of the renminbi have worsened since citizens were allowed to take it out of the country this June, seriously reducing the volume of renminbi in circulation inside the country.

Specific figures cited by Li Peng are as follows: Irregular, unaudited, and unapproved outflows of foreign exchange funds since September 1991 were \$50 billion. Since last October, more than 120 billion yuan has left the country; however, beginning this June, 16 to 20 billion renminbi has flowed overseas each month.

A report submitted by the State Council Economic Research Office to the State Council on 28 October says that renminbi outflows have run out of control. There is 150 billion renminbi held by citizens or firms of Hong Kong, Macao, Singapore, Thailand, ROK, Vietnam, Russian, CIS countries, East European countries, and the Taiwan region. The report feared that any change would precipitate an impact of disastrous proportions on China's entire economy and its finances: China would be emptied of its foreign exchange reserves and the renminbi exchange rate would plummet, sending shock waves throughout the economy. At present, after discounting foreign debt and interest repayments, China's actual foreign exchange transaction power can handle only \$12 billion in exchange. It is a very bad situation.

#### **Overseas-Based Organizations Lost Over \$8 Billion**

The State Council Economic Research Office document issued in the second half of October, also revealed that such massive, irregular outflows of funds began toward the end of 1985 and peaked in the summer of 1988 at \$7.5 billion. By the autumn of 1991, the outflows had accelerated and diversified in method, such as buying shares overseas with foreign loans; speculating on foreign currencies, futures, and stocks; purchasing property; setting up joint or associated ventures and firms; and so on.

The pattern of distribution is as follows: \$15 billion in Hong Kong, \$1.8 billion in Macao, \$3 billion in South East Asian countries (mainly in Singapore and Thailand), \$300 million in Russia and East European countries, \$550 million in Central America, \$300 million in Middle East, over \$6.5 billion in the United States, and \$1 billion in Canada, Australia, and New Zealand. Some of the outgoing funds were spent on property purchases, most of them conducted under the guise of joint ventures or Sino-Hong Kong joint-stock businesses.

What makes it worse is that most of these purchases and speculations ended up losing money or in somebody's pockets. From 1988 onward, the State Council and the inspection departments have uncovered doubtful

accounts totalling \$17.342 billion. Losses from foreign currency, futures, property, and stock speculation by overseas-based organizations, firms, and units since 1988 has topped \$8 billion.

Faced with such a serious situation, what is to be done?

#### **Strictly Ban Outflows of Funds as of Today**

Li Peng announced at the telephone conference: As of today, strictly ban all massive fund outflows, strengthen the auditing and scrutiny of the use of foreign exchange, temporarily put on hold provincial-level (and those below) overseas investment, scrutinize and audit overseas assets and investments, freeze departmental funds and units with more serious problems, investigate, as the law permits, bad debts, and uncover the personnel and men responsible for them.

A report by a state supervision department in mid-July this year, No. 727, revealed: Information, including that supplied by some overseas-based state departments and enterprises and companies, shows that 80 percent of Chinese trade and commercial department personnel working in Europe, the United States, Japan, Thailand, and Middle East are enjoying a standard of living which far exceeds their pay and conditions, with expenses exceeding their declared income by one to 20 times.

#### **Overseas-Based Cadres Paid \$2 Billion Worth of Customs Duties for Products Brought Into the Country**

According to statistics from the General Administration of Customs, in 1992, overseas-based cadres paid over \$2 billion in customs duties for bringing in home electric appliances, means of transport, computers, video cameras, and so on. China's standard number of overseas staff, including people working in Hong Kong and Macao, is 113,000, with 40,000 engineers, technicians, and experts based overseas, and some 3,200 for diplomats and officials for commercial affairs. On average, each of these people brought some \$6,500, or HK\$50,000 [Hong Kong dollars], worth of duty-free goods into the country. The annual income of an overseas-based cadre at the highest rank in a capital Chinese business is HK\$80,000, excluding food, accommodation, and transport allowances. Cadres on short six-month working terms get a \$1,000 to \$2,000 working allowance. But it also depends on the living standard of the place they work in.

#### **Industrial Firms Play 'Pivotal Role' in Economy**

*OW1012103893 Beijing XINHUA in English  
0949 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—China's large and medium-sized industrial enterprises are still playing a pivotal role in the country's economy, according to a report from the State Statistics Bureau.

The report shows that China's 14,000 large and medium-sized industrial enterprises turned in 182.6 billion yuan in profit and tax payment and realized a sales volume

totalling 1,431 billion yuan in the first ten months of this year, both representing more than 50 percent of the country's total.

By the end of October this year, the composite index of these enterprises had reached 104.9, an excess of 10 percentage points over the country's average.

Heavy industry produced more profits than light industry.

The January-October period saw heavy industry yield a profit and tax payment totalling 189.2 billion yuan, as well as sales of 1,608 billion yuan, respectively amounting to 63.2 percent and 60 percent of the whole domestic industry.

In the July-October period, products of the country's 360,000 industrial enterprises had fulfilled a sales rate of 94.62 percent, a rise of 0.3 percentage points from the first half of this year.

Meanwhile, productivity had jumped to 13,167 yuan per worker, 1,446 yuan more than in the first half-year.

However, the State Statistics Bureau noted, on the whole the efficiency of industry kept declining. By the end of October, the comprehensive index of the national industrial enterprises stood at 95.21, down 1.13 percentage points compared with that of the first nine months of this year.

The number of loss-making industrial enterprises is still increasing, while the problems of fund shortages and irrational investments are still there, the bureau said.

Officials at the bureau stressed that measures should be taken to stabilize and improve the performance of the enterprises, in accordance with changes in the market.

### **Beijing Striving To Bring Unemployment Rate Down**

*OW1012103993 Beijing XINHUA in English 1005  
GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—The Chinese government is taking steps to modify its employment policy and is striving to bring the state's unemployment rate under 3 percent next year.

Priority will be given to re-employment of jobless people, effective control of rural and urban labor mobility and the easing of unemployment in certain industries, according to Li Boyong, minister of labor.

The Labor Ministry will impose strict restrictions on the employment of foreign nationals who want to take jobs in Chinese enterprises.

According to Li, the unemployment situation is serious at present in China. The first nine months this year saw a total unemployment figure of 850,000, which exceeds the accumulated number of the past six years. At the

same time, the re-employment rate has dropped from 70 percent in the past few years to 20 percent at present.

The minister attributed the present unemployment situation to the weak capability of state-owned enterprises to absorb labor, to the random mobility of rural laborers and to the influx of rural residents to cities. These factors, said the minister, boosted the urban population waiting for jobs.

Li said that a series of policies and measures are being worked out or taken to encourage employment. More favorable policies will be given to the development of collective, private and foreign-funded enterprises, particularly those in the service industries, the labor-intensive sectors and to medium-sized or small enterprises.

The aim is to enlarge employment capabilities, the minister said. For this, it is also necessary to create opportunities for part-time jobs, temporary or casual jobs and to seek job opportunities in foreign countries.

On the establishment of the employment service system, the minister stressed the importance and urgency of setting up job-introduction agencies, labor markets and a nationwide network of employment services which also covers the vast rural areas.

The minister noted that through these services, unemployed people will have easy access to employment information, consultancy, job training and unemployment insurance.

In line with the above measures, the government will also enlarge the coverage of unemployment insurance so as to ensure that jobless people get their basic living costs.

According to Li, the government has already achieved marked progress in this endeavor. The state labor departments at various levels have set up 2,100 unemployment insurance organs, 9,800 job-introduction agencies and 2,200 job-training centers.

A total of over one million jobless people have benefited from the government's relief fund and most of them have been re-employed through the government's efforts.

### **'Key Construction Projects' To Be Completed**

*OW1012091793 Beijing XINHUA in English  
0748 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—Most of China's 150 key construction projects listed for this year are expected to be completed as planned.

An official from the State Planning Commission attributed this to the government's "macro-control" measures and cooperation by various departments involved.

"The difficulties have been greater than expected, but the results are better than expected" in implementing those projects, the official said.

Each year a group of key projects is selected in view of their impact on China's economic and social development. As a principle, the government must concentrate its limited financial resources to ensure the completion of those projects.

China planned early this year to allocate 72 billion yuan (about 12 billion U.S. dollars), or 23.4 percent of the total projected investment for the country's basic construction, for the 150 key projects.

However, chaos in China's financial sector in the first six months dealt a severe blow to the projects, which suffered from acute shortages of capital.

This situation began to be reversed only in August after macro-controls were exercised.

The official said that in addition to improving the macro-economic environment, the government had also "spot-kicked" capital into certain projects to make up for delays in construction progress.

Of the 150 projects for this year, 124 involve the fields of energy, transportation, railways, telecommunications and important raw materials, and they are undertaken to ease bottle-necks in China's economic development.

#### **Zou Jiahua Attends Ceremony for New Air Group**

*OW1012133393 Beijing XINHUA in English  
1239 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—The Air China Group was set up here today, comprising over 300 home and overseas enterprises.

President Jiang Zemin and Premier Li Peng sent messages of congratulations.

The group is one of the 55 pilot conglomerates approved by the State Council, according to Yin Wenlong, chairman of the group's administration committee.

It is now the largest among China's three airline groups. The other two are the Eastern Airlines Group and the Southern Airlines Group.

"This group was born as a result of a decision by the State Council to quicken China's reform and opening steps," Yin noted.

Air China, core enterprise of the group and China's largest enterprise in the air transportation field, owns 61 airplanes of various kinds, including a Boeing 747-400 COMBI, the world's most advanced and luxurious plane. In addition, it has Boeing 747-400s, the world's largest passenger planes, and Boeing 747-200FS, the largest cargo planes. Its 58 domestic air routes connect most of

China's big cities and tourism spots, while its international air routes reach 36 cities in 27 countries and regions.

Present at today's ceremony for the birth of the Air China Group was Vice-Premier Zou Jiahua, who emphasized "safety first" and "punctuality" as the mottoes for China's civil aviation.

#### **Tianjin Secretary Attends National Auto Fair**

*SK0912070093 Tianjin People's Radio in Mandarin  
2300 GMT 8 Dec 93*

[Text] The first national automotive industrial product fair, sponsored by the China National Automotive Industry Corporation, opened at Tianjin Industrial Exhibition Hall on the morning of 8 December. Tianjin Automotive Industrial Product Trading Market and Tianjin Automotive Industrial Product Trading Center also started business at the same time.

Gao Dezhao, secretary of the municipal party committee, He Guangyuan, minister of machine-building industry, and Cai Shiqing, president of the China National Automotive Industry Corporation, cut the ribbon at the opening of the fair and the center. Li Shenglin, executive vice mayor of Tianjin, attended the opening ceremony.

Representatives of the First Auto Group, the Dongfeng Auto Group, the Nanjing and Beijing auto manufacturing groups, and some 1,000 vehicle spare parts manufacturing groups, representatives of related plants and enterprises stationed in Tianjin, and representatives of customers, assembled in Tianjin to participate in the first national automotive industrial product fair. Products by some 500 production enterprises were on display at the fair.

Tianjin Automotive Industrial Product Trading Market was jointly established by the China National Automotive Industry Corporation and the Tianjin Municipal Government. The trade market is comprised of two trading halls. At the first hall, a membership system is being implemented with the order of products dominating. The second hall is an open market open to the public for sales and exhibition. This is another major breakthrough made by the municipality in vigorously developing the market system.

#### **Control Tightened Over Foreign Automobile Industry**

*HK1012105793 Beijing CHINA DAILY in English  
10 Dec 93 p 2*

[By staff reporter Wang Yong: "China Will Tighten Influx of Car Parts"]

[Text] China will tighten control over foreign automobile businesses in bringing in components for local assembly, officials have announced.

Officials fear such assembly—in which foreign investors benefit from cheaper Chinese labour—could hurt China's own automobile industry.

"We hope foreign investors will increase technology transfer to China and help us localize car production for mutual benefits," they said.

Future projects concerning assembling foreign-made components in China will come under stricter screening.

In the last few years, China has approved many joint venture assembly factories. This has led to an influx of all car components, known in the industry by the technical term "complete knock-down" (CKD).

"Unfortunately, China's ability to process automobile components on its own leaves much to be desired" a top government official said.

"We encourage foreign automobile manufacturers to join hands with Chinese partners in producing components in China," said a top government official.

He urged foreign businesses to set up large-scale component joint ventures in China in the coming years.

Reliable sources have disclosed that the U.S.-based Ford Motor Company is close to finalizing a major deal with China to establish a large joint venture in Shanghai to produce components.

In a related move, officials say the current joint venture assembly factories must live up to the State-decreed target of the use of Chinese-made components within a limited period of time.

Analysts argue that China must cultivate its own automobile development calibre. Otherwise its automotive industry will have difficulties in standing on its own feet in the long term.

Officials have also expressed alarm at the use of foreign investment in China's real estate, stock and bond markets.

Investment in luxurious apartments, villas and entertainment facilities will face tight restrictions.

Experts also say China should be cautious in opening up retail and other service sectors to foreign investors.

Chinese Vice-Premier Zou Jiahua has said foreign investment will be mostly encouraged to end up in China's agriculture and export-oriented projects next year.

### Beijing To Promote Ecological Agriculture

#### 200 Counties Designated

OW1012105693 Beijing XINHUA in English  
1022 GMT 10 Dec 93

[Text] Beijing, December 10 (XINHUA)—China is planning to designate 200 counties to try what is known as

ecological agriculture before the year 2,000 in a bid to improve the ecological environment for agriculture while increasing production.

The counties cover a total cultivated land area of 10 million to 13 million ha.

The program will start with 50 counties, which have a combined population of 23 million and represent all types of ecological environment.

Hong Fuzeng, deputy minister of agriculture, told a three-day national conference on the building of ecological agricultural counties that the government has designated an expert panel to advise on the program.

The minister said that in building ecological agriculture it is necessary to give priority to economic benefits, while stressing social benefits and environmental protection instead of paying excessive attention to ecological conservation or economic development at the expense of the environment.

He explained that the building of ecological agriculture aims at a rational use of resources and rational increase in material and technology input so as to prevent the pollution of the agricultural environment and destruction of resources and ecology.

Upon completion, the country's ecological condition will be largely improved, he said.

Experimental research on ecological agriculture began in China in the early 1980s and a number of ecological projects and systems have been put into operation.

To date, China has established more than 1,000 ecological agriculture centers.

The extension of ecological agriculture has been listed as one of the ten measures on environment and development by the Chinese Government in August, 1992, which called for gradual increase of investment both by central and local governments.

A joint group on the development of ecological agriculture has been set up by six ministries and one bureau, including the ministries of agriculture, finance, forestry, water conservancy, and the state environmental protection bureau.

#### Project 'High Priority'

HK1012110093 Beijing CHINA DAILY in English  
10 Dec 93 p 1

[By staff reporter Gao Jinan: "Officials Introduce Ecological Agriculture"]

[Text] The government yesterday introduced a large-scale ecological project to integrate agricultural development and environmental protection.

The project, given high priority by the State Council, is considered a vital move in stemming deterioration of the

rural environment, reducing natural disasters and promoting sustained development of an "ecological agriculture," according to State Councillor Chen Junsheng.

The undertaking is a joint endeavor among the departments of forestry, environment protection, water conservancy and agriculture, Chen told a national conference yesterday.

The State councilor urged governments at all level to consider rural ecology, an issue he said has been insufficiently weighted in the development of agriculture and rural economy.

Chen said he hoped that departments like forestry, water resources, planning, finance and sciences would coordinate their efforts in implementing the project.

The Ministry of Agriculture and six other ministries launched the plan yesterday by designating 50 counties as ecological agricultural-development centres.

Starting in 1980, China has introduced experimental environmental projects in about 1,000 villages, townships and counties.

According to Vice-Agricultural Minister Hong Fuzeng, about 200 counties, with a total area of some 14 million hectares of farmland, will be developed as ecological-agriculture projects by the year 2,000.

China feeds 22 percent of the world's population with only 7 per cent of its farmland.

Hong said the worsening agricultural ecology should be controlled as soon as possible.

Because of population growth and industrial production, 466,700 to 533,300 hectares of farmland are occupied annually by urban, industrial, mining and transportation projects.

"We have to face the challenges and explore ways to develop agriculture while protecting the environment," Hong said.

He suggested that the ecological development of agriculture, forestry, animal husbandry, sidelines and fishery should be co-ordinated to ensure a balanced increase in output.

While reducing pollution caused by cities, industries and township enterprises, the utilization of fertilizers, chemical pesticides and plastic sheet in the rural areas should also be tempered, he said.

#### **Commentator Stresses Importance of Rural Market**

*HK0912135293 Beijing XINHUA Domestic Service in Chinese 0920 GMT 8 Dec 93*

[Commentator's article: "Without a Rural Market, There Would Be No National Market"]

[Text] Beijing, 8 Dec (XINHUA)—At a time when the whole party and people of the whole country are marching toward the goal of establishing a socialist market economic structure, it has become the focus of people's attention on how to open up the rural market and how to set up a rural economic operational mechanism and management system that suits the needs of the socialist market. This is because the development of the rural market is of a decisive significance to pushing forward the process of gearing the whole country to the needs of the market.

Comrade Jiang Zemin pointed out at the central rural work conference held last fall that the issue of agriculture, rural areas, and peasants has always been a fundamental issue that has a bearing on our party and on the overall situation of the country. Cultivating the main bodies in the rural market and perfecting the market system are not only central tasks for the deepening of rural reform in the future, but also constitute a huge and complicated project which involves the entire country and which requires the concerted efforts of all industries and trades as well as from all the relevant functional departments. Let us take a look at the actual situation at present: The overwhelming majority of China's population live in rural areas; most of China's natural and labor resources relating to the food, clothing, shelter, and transportation of the people of the entire country come from rural areas; the vast market for China's industrial products lies in rural areas; and a considerable portion of products and raw materials for export and foreign trade also originate from rural areas. China's rural areas are a market with huge potential, which has the closest ties with the national unified market, and any twists and turns cropping up during the development course of the rural economy will give rise to great waves in the economic sea of the entire country. For example, the declining comparative profitability of agriculture and slow growth in peasants's incomes in recent years have resulted in the slow movement of industrial consumer goods, and agricultural machinery has become dead stock. During the period from January to October this year, the sales volume of farm machinery dropped by over 40 percent. Such a situation puts almost all manufacturers of agro-industrial goods in a very difficult situation. It thus can be said that the rural situation has a direct impact on the livelihood of urban and rural people and on the speed of national economic development. In another word, the national economy has to rely on the development of the rural market for high-speed growth. However, we can further open up the rural market only after our peasants enjoy higher income and rural purchasing power has been enhanced.

By saying that the rural market has great potential, we do not only focus on the fact that the majority of China's population live in rural areas; instead, we also take account of regional factors, for over two thirds of our territory belongs to the less advanced central and western region. So long as we adopt measures to speed up the pace of rural economic development in the central

and western region and constantly enhance the income level of peasants across the country, we can succeed in bringing into full play the capacity of the great latent market of rural areas.

Increasing peasants' incomes and enhancing the purchasing power of rural areas are the key to opening up the rural market and then the national market. Last year, the State Council achieved two accomplishments in the country: The first accomplishment was to help the central and western region take on the road of establishing lateral ties with the eastern region and vigorously promote township and town enterprises, and the second is to readjust the structure of agricultural production in a view to bring about a high-yield, fine-quality, and high-efficiency agriculture. These two magnificent feats are both aimed at pushing rural areas around the country toward the market economy.

The central and western regions emulate the example of the eastern region, give play to its superiority in labor force and natural resources, adopt the method of marching forward on diversified wheels and along diversified tracks, bring development to diversified economic elements, and promote township and town enterprises in light of local conditions to take in large numbers of rural surplus laborers in the central and western region, thus bringing about increases to peasants' income. This represents not only a historical change during which rural areas in the central and western region bid a final farewell to poverty, and this is also a fundamental way to tap the economic potential of rural areas and to open up the rural market of the central and western region.

The development of a high-yield, fine-quality, and high-efficiency agriculture is a major turning point for China's agriculture and rural areas to turn from a product economy to a market economy; moreover, it is also a vital move to put an end to the comparatively low profits of agriculture, increasing peasants' incomes, suit the changing needs of urban areas, and open up the rural market in an omnidirectional way. The development of a high-yield, fine-quality, and high-efficiency agriculture requires peasants to make fairly great progress to acquire

scientific and technological knowledge, master management skills, and enhance their ability to deal with contingencies. This is exactly what is urgently needed for the development of the socialist market economy, and is also the reason why peasants in coastal areas put forward the idea that "a close watch should be kept on market trends, and production should undergo changes according to demand."

Perfecting the rural market economic system is an important link in opening up the rural market. The rural market system at the present stage consists of three major component parts: 1) the rural trade market in a broad sense, which includes markets for agricultural and sideline products, light industrial products, the means of production, and various key production factors; 2) circulation entities and networks at all levels which can be found in every township and town; and 3) commercial districts in townships and towns, as well as scattered commercial networks and points. The three major component parts are mutually related and interacted, and at the same time have a 1001 links with urban areas as well as mines and industrial enterprises in all localities. The more perfect the rural market system is, the closer are its ties with the urban areas, thus gradually giving shape to a setup in which urban and rural areas are merged into an organic whole in a concerted effort to seek common development. Party and government organs as well as agriculture-related departments in all localities should feel duty-bound to perfect the rural market system and provide the system with policy protection, macroeconomic control and regulation, information guidance, and social services, so that the construction of the rural market system can undergo a stable, rapid, and healthy development.

The orbit of China's economic development has shown clearly that without the rural market, there will be no national market; and without well-off rural areas, the entire country will not be able to attain prosperity. We should conscientiously carry out the spirit of the Third Plenary Session of the 14th CPC Central Committee as well as the central rural work conference, unwaveringly put agriculture in first place in our economic work, and open up the "gold mine" of the rural market in a down-to-earth manner; in this way, China's establishment of a socialist market economic system will be full of promise.

**East Region****Central Team Inspects Anhui Anticorruption Struggle**

*OW0912225693 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 21 Nov 93*

[From the "Provincial Hookup" program]

[Excerpts] The 10-man central investigative team carried out investigations and studies from 7 to 19 November on the state of the anticorruption struggle being waged in this province.

On the morning of 19 November, leading comrades of the provincial party committee and the provincial government, including Lu Rongjing, Yang Yongliang, Wang Taihua, Fang Zhaoxiang, Chen Guanglin, Shen Shanwen, Wang Yang, and Du Cheng, as well as members of the provincial leading and coordinating group on the struggle against corruption, heard the findings and opinions of the central investigative team. [passage omitted]

Through inspections and investigations, the central investigative team is convinced that the provincial party committee and the provincial government have been serious and resolute in implementing the policies of the party Central Committee on waging the struggle against corruption in the current period, have taken positive steps to disseminate and mobilize cadres and the masses to study Comrade Jiang Zemin's important speech made at the Second Plenary Session of the Central Commission for Discipline Inspection and the guidelines of the plenary session, have done solid work in the struggle, have laid emphasis on solving specific hot issues reflected by the masses, and have achieved quite apparent progress in some areas. [passage omitted]

Lu Rongjing, secretary of the provincial party committee; Yang Yongliang and Fang Zhaoxiang, deputy secretaries of the provincial party committee; and Chen Guanglin, member of the standing committee of the provincial party committee and secretary of the provincial commission for discipline inspection, respectively, spoke after hearing the findings and opinions of the central investigative team.

Comrade Lu Rongjing said: We are encouraged, enlightened, and guided by the work carried out by the central investigative team in this province. We must continue our efforts, firmly follow the arrangements and demands of the party Central Committee, do concrete work to achieve practical results, thoroughly correct problems discovered in the current inspection by the central investigative team, and take the inspection as a motive force to wage struggles against corruption, fulfill various tasks in a solid manner according to the overall arrangements of the party Central Committee, and achieve progress in this stage within this year.

**Jiangsu's Regulations on Economic Zones**

*OW1012033493 Nanjing XINHUA RIBAO in Chinese 6 Nov 93 p 7*

[Regulations of Jiangsu Province on the Administration of Economic and Technical Development Zones, adopted at the 23d Standing Committee Meeting of the Sixth Jiangsu Provincial People's Congress on 20 December 1986; amended in accordance with the "Resolution on Amending 'Regulations of Jiangsu Province on the Administration of Economic and Technical Development Zones'" adopted at the Fourth Standing Committee Meeting of the Eighth Jiangsu Provincial People's Congress]

**[Text] Chapter I. General Provisions**

Article 1. The present Regulations are formulated in accordance with the "Constitution of the People's Republic of China" and other relevant laws and regulations.

Article 2. These regulations are applicable to economic and technical development zones [hereinafter referred to as development zones] approved for setting up in the territory of our province by the State Council.

Article 3. A development zone is a clearly delineated economic and technical zone under the leadership of the city government where it is located that implements preferential policies granted to it by the state.

The purposes of development zones are to develop economic cooperation and technical exchanges with foreign countries, attract foreign investment, introduce advanced equipment, expertise, and modern management know-how, with the emphasis on foreign investment, export-oriented production, and new and high-technology; to appropriately develop service trades; and to step up economic cooperation and technical exchanges inside and outside of the province in order to advance opening up to the outside world, economic development, and technical progress.

Article 4. The development zones shall encourage foreign companies, enterprises, and other economic organizations or individuals (hereinafter referred to as foreign investors) to invest in or establish enterprises manufacturing export goods, enterprises that are technically advanced, research facilities, infrastructure facilities, and so forth.

Foreign investment may take any the following forms:

1. Set up joint ventures or cooperative enterprises with companies, enterprises, and other organizations inside and outside of the province;
2. Set up exclusively foreign-owned operations; and
3. Any other forms of cooperation Chinese law permits.

Article 5. Companies, enterprises, research units, institutes of higher learning inside and outside of the province are encouraged to invest in the development of new technology,

new processing techniques, new products, and new materials; to set up joint ventures or cooperative enterprises; or to invest in infrastructure facilities in the development zones

**Article 6.** Any unit or individual in the development zones must abide by PRC laws and regulations. Their property and other legitimate rights and interests in the development zones are protected by law.

**Article 7.** Projects that are banned from the development zones include: Those that pollute the environment and lack effective measures to treat pollutant discharge, those with backward technology and outdated equipment, those whose production is banned or subject to restriction in accordance with China's industrial policy, and other projects banned by Chinese law.

## **Chapter II. Administration and Management**

**Article 8.** The Committee for Administering the Development Zone is an agency of the city people's government where the zone is located that exercises unified leadership and administration of the development zone.

**Article 9.** The Committee for Administering the Development Zone has the following functions and powers:

1. Make overall planning and formulate development plans for the development zones and, after obtaining approval from higher authorities, organize their implementation;
2. examine or approve according to regulations investment or development projects in the development zone;
3. exercise responsibility for the construction and management of infrastructure facilities, and manage land and real estate in the development zone;
4. exercise administration over the import and export, economic cooperation and technical exchanges with foreign countries in the development zones;
5. manage the finances of the development zone;
6. draw up plans for and administer environment protection work and run established public welfare institutions in the development zone;
7. supervise and coordinate the work of offices set up in the development zones by relevant city authorities;
8. formulate rules and regulations for the administration of the development zones and supervise their enforcement;
9. handle affairs involving foreign nationals in accordance with the law; and
10. other functions and powers vested in it by the local city people's government

**Article 10.** With the approval of the local city people's government, the Committee for Administering the Development Zone may, on the basis of needs, set up offices with responsibility for administration in the development zone.

**Article 11.** Relevant authorities of the local city people's government or their offices in the development zones shall take charge of administration of industry and commerce, foreign exchange control, banking, customs, commodity inspection, quarantine, taxation, culture and education, land, public security, insurance, and other services in the development zone.

## **Chapter III. Registration and Operation**

**Article 12.** Investors wishing to set up enterprises or to establish various undertakings in the development zones with their own investment shall apply to the Committee for Administering the Development Zone and submit the required documents; after examination and approval, they may apply for land use certificates, business licenses, tax registration, and other formalities.

**Article 13.** Enterprises and institutions in the development zones shall open accounts and conduct relevant foreign exchange transactions with the Bank of China or with other banks established in the development zones with the approval of the state.

Enterprises, institutions, and economic organizations in the development zones shall obtain insurance coverage from Chinese insurance companies or from other insurance companies established in the development zones with the approval of the state.

**Article 14.** An enterprise in the development zones shall keep accounting books within the development zones and submit quarterly and annual accounting statements to the Committee for Administering the Development Zone and other competent departments. Annual accounting statement shall be verified by an accountant registered in China and accompanied with relevant proof.

**Article 15.** If an investor wishes to terminate operations in the development zone, it shall make an inventory of its assets and settle claims and debts in accordance with legally-prescribed procedures and go through other required formalities. After canceling their registration with the Administration of Industry and Commerce, the investor may assign or sell the assets in accordance with law. The funds of foreign investors may be remitted abroad in accordance with the relevant regulations.

**Article 16.** Enterprises in the development zones shall implement relevant state laws and regulations concerning labor protection and insurance to ensure that staff and workers work in safe and hygienic conditions.

## **Chapter IV. Preferential Treatment**

**Article 17.** The income tax on enterprises with foreign investment of a production nature in the development zones shall be levied at the reduced rate of 15 percent; of them, those scheduled to operate for a period of not less than 10 years, upon approval of their application by the competent department shall, from the year beginning to

make profit, be exempted from income tax in the first and second years and allowed a fifty percent reduction in the third to fifth years.

Following the expiration of the period for tax exemption or reduction as provided for in the preceding paragraph, the income tax on the enterprise whose export accounts for over 70 percent of the output for the year shall be levied at the reduced rate of 10 percent; where the technology supplied is advanced, the period the enterprise is allowed a 50 percent reduction in income tax may be extended by three years.

Enterprises with foreign investment of a production nature in the development zones are exempted from local income tax.

**Article 18.** A foreign investor which reinvests its share of profits obtained from the enterprises in the development zones by setting up or expanding, within the territory of China, export-oriented enterprises or by establishing enterprises with advanced technology that are scheduled to operate for a period of not less than five years may apply for a full refund of the income tax already paid on the reinvested portion. If the investor withdraws its reinvestment before the expiration of a period of five years, it shall repay the refunded tax. Other reinvestment shall be handled in accordance with provisions of the "Income Tax Law of the People's Republic of China for Enterprises With Foreign Investment and Foreign Enterprises."

**Article 19.** Any foreign enterprise which has no establishment in China but derives profit, interest, rental, royalty, or other income from sources in the development zones shall, in addition to exemption from local income tax, all be levied income tax at the reduced rate of 10 percent. Of them, those which provide funding, equipment, or advanced equipment under favored terms may, upon approval from competent departments, be granted even greater preferential treatment in terms of exemption or reduction of income tax.

**Article 20.** Losses incurred in a tax year by an enterprise in the development zones with foreign investment may be made up by drawing the equivalent amount from the income of the following tax year. Should the income of the following tax year be insufficient to make up for the said losses, the balance may be made up by its income of the further subsequent year, and so on, over a period not exceeding five years.

**Article 21.** Except products which are banned from export by the state or where there are other applicable regulations, products for export manufactured in the development zones are exempt from customs tariff or the consolidated industrial and commercial tax.

**Article 22.** Where a development zone or an enterprise in the development zone is to import building materials, production equipment, raw and semi-finished materials, spare parts and accessories, component parts and auxiliary equipment, means of transportation, and office

equipment for its own use, as well as raw and semi-finished material, spare parts, equipment components, and packing materials for use in producing export goods, payment of customs duties and industrial and commercial consolidated tax levied on them shall be exempted. Where products processed from raw materials, spare parts and accessories, component parts and auxiliary equipment which were imported duty-free are to be sold on the domestic market with the approval of the relevant departments of the state, the development zone or the enterprise in question shall pay customs duties and industrial and commercial consolidated tax retroactively in accordance with regulations.

Upon presentation of certificates issued by the administrative commission of the development zone, payment of customs duties and industrial and commercial consolidated tax on household goods and means of transportation brought in for self-use by foreign personnel working or living in development zones shall be exempted, provided that they are in a reasonable amount.

**Article 23.** Water, electricity, gas, and telecommunications facilities needed for production and operation by foreign-invested enterprises in development zones shall be provided on a priority basis. Water, electricity, and gas fees shall be equivalent to those charged on local state-owned enterprises.

**Article 24.** Local supply departments shall provide foreign-invested enterprises in development zones with raw and semi-finished materials needed for construction and production on a priority basis; their prices shall be equivalent to those charged on local state-run enterprises.

**Article 25.** Foreign-invested enterprises in development zones may use remittance or fixed assets as mortgage to apply for bank loans in accordance with banking regulations. Where foreign-invested enterprises apply for loans to be used as circulating funds or short-term working capital, banks shall extend such loans to them from the quotas on a priority basis. Foreign-invested enterprises may raise funds abroad to meet production and operation needs; they shall assume responsibility themselves for repaying self-raised funds.

**Article 26.** With the approval of authorized organs and during the initial period, payment of industrial and commercial consolidated tax may be exempted or reduced for foreign-invested production enterprises in development zones which have difficulties paying them.

**Article 27.** Foreign-invested enterprises in development zones enjoy the various preferential treatment granted to them under the provisions of relevant state and provincial laws and regulations.

**Article 28.** Domestic-invested enterprises in the development zones enjoy preferential treatment in accordance with relevant state, provincial, and city regulations.

#### Chapter V. Supplementary Provisions

Article 29. City people's government in development zones shall promptly give an official, written reply on matters reported for resolution by enterprises and establishments in the development zones. The provincial people's government shall give an official, written reply to documents filed by city government in development zones within one month upon receipt of the document; approving certificates and industrial and commercial business licenses shall be processed within 10 days.

Article 30. Labor management, land use management, and other matters within development zones shall be governed by relevant state and provincial regulations.

Article 31. These regulations shall apply to enterprises set up in development zones by Hong Kong, Macao, and Taiwan companies, enterprises, and other economic organizations or individuals.

Article 32. With the exception of preferential treatment granted exclusively to economic and technical development zones set up with the approval of the State Council in accordance with state regulations, these regulations shall apply to development zones set up with the approval of the provincial people's government.

Article 33. These regulations take effect on the date of promulgation.

#### Cooperation Helps Develop Poor Areas in Jiangsu

OW1012041693 Beijing XINHUA in English  
0312 GMT 10 Dec 93

[Text] Nanjing, December 10 (XINHUA)—The developed regions in China have pushed forward, directly or indirectly, the economy in backward regions.

Suzhou, Wuxi and Changzhou cities in eastern Jiangsu Province are among the richest regions in China, while Xuzhou, Huaiyin, Yancheng and Lianyungang in northern Jiangsu are much less developed.

However, over the past few years, northern Jiangsu has been developing rapidly thanks to the influence and help of the wealthier cities.

From 1982 to 1992, the gross national product of Yancheng city increased from 2.8 billion yuan to more than 12.7 billion yuan, while farmers' per capita income increased from 278 yuan to 848 yuan, an annual increase of 11.8 percent.

Xuzhou, Huaiyin and Lianyungang also saw the most rapid economic development in history.

Four cities in northern Jiangsu that have 43 percent of the province's population and 52 percent of the province's farmland, account for less than 30 percent of the province's gross domestic product, income and industrial and agricultural output value.

In the early 1980s, the Chinese Government encouraged a part of the Chinese populace to get rich first through their labor so as to stimulate the country's overall economic development.

At the same time, the Chinese Government has paid close attention to the economic gaps appearing between different parts of the country.

Over the past few years, especially since Deng Xiaoping's journey to south China last year, a number of cadres in northern Jiangsu went to visit and learn from their rich neighbors in the south. Training classes were also organized by the provincial government for cadres in the poorer sections of the north.

These cadres learned from their southern counterparts not only advanced technologies, but also the art of leadership in the development of a socialist market economy.

In 1992, the gross domestic product of the four northern cities increased by 20 percent in comparison with the previous year.

"The gap between north and south will dwindle as long as we make the right choices," northern Jiangsu officials said.

Northern cadres have learned that they cannot copy the mode of development in the south and have to develop the economy in accordance with local conditions.

Northern Jiangsu puts emphasis on the readjustment of its agricultural structure, while industry is driving southern Jiangsu's development.

In 1993, farmers' per capita income in Yancheng increased to 1,000 yuan from 848 yuan, 70 percent of which came from agriculture.

At the same time, many counties and townships focussed on the development of the processing of agricultural products. In Donghai county, foreign funds were used to establish factories to process sweet potatoes.

In Lianyungang, the Ruyi Food Co., Ltd, a joint-funded company, imported more than 400 species of vegetables from abroad. In 1992, the company exported 1,000 tons of vegetables and earned 3.8 million U.S. dollars in foreign currency.

Many similar companies also appeared in Huaiyin, Xuzhou and Yancheng.

Governments of various cities in northern Jiangsu also gave full play to the development of the private economy.

By the end of November this year, there were 80,000 privately run enterprises or self-employed workers in Lianyungang. The number is expected to reach 100,000, according to a local official.

These enterprises yield 52 million yuan in profits and taxes annually, the official said.

Fully utilizing the capital of private enterprises is an important method to quicken economic development in less developed regions, some officials said.

The shareholding system is also being tried out in some township enterprises in northern Jiangsu.

In Huaiyin city, the shareholding system has been implemented in 730 township enterprises, which are now operating vigorously.

Developed regions investing in or co-operating with less developed regions is becoming an inevitable trend in China, some economists say.

Jiangsu began to implement the strategy of "south-north co-operation" at the beginning of last year. Xuzhou, Huaiyin, Yancheng and Lianyungang, four of the least developed regions in the province, have set up co-operative relations with Suzhou, Wuxi and Changzhou, which are among the richest cities in Jiangsu.

Statistics show that Jiangsu's north-south jointly-run enterprises have raked in 150 million yuan in added profits and taxes. More than 400 towns and more than 1,000 enterprises in the north have set up co-operative relations with southern counterparts.

Huaiyin city sent more than 6,000 people to southern Jiangsu in March this year. They introduced more than 200 million yuan into the city and set up more than 60 enterprises in co-operation with the south.

The opening up of northern Jiangsu requires it first to open to southern Jiangsu, northern cadres said.

By the end of September this year, northern Jiangsu had set up 221 foreign-funded projects with the help of southern Jiangsu, involving 217 million U.S. dollars in foreign funds.

At the same time, northern Jiangsu earned 590 million yuan by exporting labor services to the south last year.

Enterprises in southern Jiangsu have become a training base in technologies, management expertise and skilled workers for northern Jiangsu, according to local officials.

Over the past year or so, the two parts of the province reported a commodity trade volume of more than two billion yuan, much higher than the total before they started co-operation.

#### **Shanghai Economic Growth 'Fast, Strong, Healthy'**

*OW1012013893 Beijing XINHUA in English  
0115 GMT 10 Dec 93*

[Text] Shanghai, December 10 (XINHUA)—Shanghai, China's leading manufacturing center, has achieved fast, strong and healthy economic growth since the beginning of this year, according to municipal government sources.

Since January the city has reported continued double-digit increases in the gross domestic product (GDP).

The value is expected to total 130 billion yuan (about 22.4 billion U.S. dollars) for all of 1993, up 14 percent over 1992 in real terms, he said.

The local market has been brisk, with total retail sales topping 5.5 billion yuan each month.

The manufacturing sector, which accounts for two-thirds of Shanghai's GDP, has been operating efficiently and rapidly, the official said.

The value of Shanghai's industrial production is expected to top 300 billion yuan for the first time in 1993, a 20 percent increase over last year.

The ratio of industrial production to sales—a major indicator of economic efficiency for businesses—stands at 97 percent, he said.

The city's revenues are expected to exceed 20 billion yuan in 1994, up 17 percent over last year and three percentage points higher than the GDP growth rate, he said.

Shanghai has also attracted a steady flow of overseas investment, he said. The municipal authorities approved the setting up of 3,031 foreign-funded businesses in the first ten months, involving a total foreign investment of 6.12 billion U.S. dollars.

At least 90 percent of the 2,900 operational foreign-funded firms are making profits now, and contribute 20 percent of Shanghai's exports, he said.

Local economists agree that the city's strong and healthy economic growth is due primarily to the streamlining of the industrial structure, rapid infrastructure construction, opening wider to the rest of the country and the world, and the cultivation and establishment of financial, capital goods and technology markets.

The municipal government has set major targets for the city's economic growth in the new year, the official said. These will include a 14 percent rise in the GDP and a 12 percent surge in revenues.

Economists are optimistic about the city's economic prospects in 1994, on the grounds that the streamlining of the industrial structure that began in 1988 will continue to stimulate production, that investment in fixed assets over the past few years will add new production capacity, and that enterprise restructuring will further arouse workers' initiative.

In particular, he noted, Shanghai will enjoy a growing overseas market as it has been making special efforts to adapt to the global market in recent years.

## Central-South Region

### Guangdong Secretary on Building Market Economy

*HK1012122093 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 9 Dec 93*

[Excerpts] The Second Plenary Session of the Seventh Guangdong Provincial CPC Committee opened in Guangzhou today. The main task was to relay and study the spirit of the Third Plenary Session of the 14th CPC Central Committee, to discuss and implement the decision of the CPC Central Committee on several questions concerning establishing a socialist market economic structure, to expedite the pace of reform, and to maintain sustained, speedy, and healthy economic development. The session will examine the proposal of the Guangdong Provincial CPC Committee on several questions concerning the establishment of the socialist market economic structure.

On behalf of the provincial party committee's standing committee, Xie Fei, member of the CPC Central Committee's Political Bureau and secretary of the Guangdong Provincial CPC Committee, made a speech at the session entitled "Speed Up the Pace of Reform To Promote Modernization." After referring to the provincial party committee's work idea for this year, Xie Fei pointed out: Through the creative and hard work of all-level party organizations, cadres, and masses throughout the province, our province has seen a good trend in reform and development. We should face reality, cater to the future, confirm our achievements, take serious account of our problems, and make greater efforts in the coming year. [passage omitted]

We will strive to build the basic framework of the socialist market economic structure in five years.

### High-Tech Industry Develops Rapidly in Guangdong

*OW1012085093 Beijing XINHUA in English 0757 GMT 10 Dec 93*

[Text] Guangzhou, December 10 (XINHUA)—The new and high-tech industry has been developing rapidly in south China's Guangdong Province over the past few years.

According to local officials, the province has launched 265 high-tech industrial projects under the national "torch program" over the past five years.

Aimed at promoting the development of new and high-tech industries in China, the program was started in 1988 and is now focused on microelectronics, computers, information, lasers, new materials, bioengineering, new energy, and energy-efficient machine-electronics integrating technology and products.

The number of high-tech industrial enterprises has been expanding at a rate of 50 percent in Guangdong province

each year. For instance, every three days, the province approves the establishment of one new high-tech industrial enterprise.

The province now realizes 14.5 billion yuan in total output value from its new and high-tech industrial projects each year, ranking first in the country.

In Shenzhen, a special economic zone, new and high-tech industrial enterprises contribute 10 percent of the city's total industrial output value.

The Zhongshan high-tech industrial development zone, initiated in June of 1990, has spawned 53 high-tech industrial enterprises, including 26 foreign-funded ones.

In the first half of this year, the development zone recorded 219 million yuan in industrial output value, placing itself high among 52 state high-tech industrial development zones.

Local officials also attributed the quick development of high-tech industrial enterprises in the province to its flourishing technological and labor markets.

The province now has opened 2,800 permanent technological markets, with 81,000 employees.

In the first half of this year, 543 sophisticated new and high-tech items entered the technological markets across the province, double the figure achieved for the same period last year, and the transaction value for such high-tech items reached 63.57 million yuan.

### Guangzhou To Follow Chengdu as Market Economy 'Pioneer'

*OW1012032193 Beijing XINHUA in English 0144 GMT 10 Dec 93*

[Text] Guangzhou, December 10 (XINHUA)—This capital of south China's Guangdong Province will be the second Chinese city after Chengdu to pioneer the establishment of a socialist market economic system, official sources here said.

A general program for setting up a socialist market economy here has been approved by the State Commission for Restructuring the Economy (SCRE).

In its document of approval, the SCRE said Guangzhou is qualified to play the role of pioneer in the country's experiment of market economy, for it has gone a step ahead in opening to the outside world and economic development in the past few years.

The SCRE also said that establishing a market economy in Guangzhou is of special significance to the whole nation, as it is located between the market economy of Hong Kong and Macao and the developing economy of the Chinese mainland.

Thanks to the many preferential policies granted to it by the central government, Guangzhou's economy has developed faster than those of most other Chinese

regions in the past decade. Its GNP value is expected to hit 68.2 billion yuan this year.

However, experts cautioned that Guangzhou might lose its advantage over other regions if new efforts are not made in time.

They hold that Guangzhou still has a long way to go to establish a complete and healthy market economy system. They said that most of its state-owned enterprises are still to be brought out of a slump, and that transportation bottlenecks continue to pose a great challenge for further development.

In the program, which took a year to draft, the city decided that it will take five years, i.e. from 1994 to 1998, to set up a modern market economy, and that it will be built into an exchange center for goods, funds, technologies, information and talent.

The program chose finance and banking as the points at which breakthroughs would be made, and this would help to promote reforms in other areas, such as property, housing, labor and information.

### **Guangdong Port Construction in High Gear**

*OW0912112393 Beijing XINHUA in English  
1054 GMT 9 Dec 93*

[Text] Guangzhou, December 9 (XINHUA)—The 3,3000-km coastline of south China's Guangdong Province has virtually been turned into a massive construction site.

All the major and old ports of Shantou, Shenzhen, Guangzhou and Zhanjiang are being expanded or transformed and a large number of 100,000-200,000 ton class berths are being built at Huizhou, Zhuhai, Yangjiang and the Donghai Island off Zhanjiang.

According to the provincial government, a total investment of 162 million yuan (28 million U.S. dollars) had been planned for 32 local ports this year.

The port of Guangzhou, which has ten 35,000-ton class deep-water berths, has added five special purpose berths for handling sundry goods, general merchandise, coal, ore and chemical fertilizers to its Xinsha Harbor area. Work started on another five berths in the first half of this year.

In the Guagao Harbor area of the Port of Shantou, three 35,000-ton deep-water berths are being built. When completed, they should boost the annual handling capacity of the port to 10 million tons from 4.6 million tons in 1992. In addition, a contract has been signed with a Hong Kong firm for building a container wharf.

With the completion of a 25,000-ton class oil/gas terminal and a corresponding gas tank and pipeline, Huizhou Port has become a major oil/gas transshipment center in south China. The port will be divided into a sundry goods zone, container zone, a bulk goods zone, an

industrial zone, a dangerous goods zone and a passenger zone, with a total of 200 medium-sized and small berths capable of handling 120 million tons annually.

Construction of the Zhuhai Port started in 1990 and two 20,000-ton class berths were completed last month. Work has started on a 100,000-ton coal terminal project, which is scheduled for completion by 1997. By then, it will become the only port in China capable of accommodating 100,000-ton class coal carriers. A 700-million yuan oil terminal has been planned and the first phase of the project is expected for completion by 1996. The port is expected to have a total handling capacity exceeding 100 million tons by the end of the century.

Started in 1988, Yantian of Shenzhen has emerged as a deep-water port. On a 400-square-meter of land reclaimed from the sea, six wharves have been constructed. The main projects for two container wharfs have been completed. In October, an agreement on the construction of a container berth was signed between a Hong Kong firm and Shenzhen. The joint investment is up to 5 billion yuan (850 million U.S. dollars). In twenty years, Yantian Port will have 50 10,000-ton class berths, with a total annual handling capacity running up to 80 million tons and 600-800 TEU's [expansion unknown].

Guangdong has 130 medium-sized and small ports along its coast. From January to September this year, they handled 44.38 million tons of cargo, a rise of 2.7 per cent over the same period last year.

### **Hainan Unfair Trade Practice Rules Promulgated**

*HK1012034293 Beijing ZHONGGUO XINWEN SHE  
in English 1316 GMT 9 Dec 93*

[Text] Haikou, December 9 (CNS)—Regulations on unfair trade practices in the Hainan Special Economic Zone, designed to safeguard fair competition and guarantee the legal rights and interests of businessmen and enterprises, were promulgated today with the approval of the provincial people's congress. The regulations will become effective on January 1, 1994.

The regulations make strict stipulations on activities in relation to market competition by legal persons, other economic organizations and individuals engaging in commodity management and service business for the purpose of profit-making. The regulations also clearly ban various kinds of malpractices in competition including the abuse of political power in this sector.

The Secretary-General of the Standing Committee of the provincial people's congress, Mr. Mao Ping, said at a news briefing held here today that the regulations had referred to international practices and embodied the province's full utilization of its favourable policies given by the central authorities, the speeding up of its reform and the governing of the province according to law. The province had, according to Mr. Mao, so far made public 30 pieces of local legislation and regulations and by the

end of this year, another two ordinances on social public order and urban planning for Haikou City would be promulgated.

The legislative documents made public today also include regulations on the banning of production and sales of false and low-quality commodities and methods of implementation of a law for the disabled. Both of these will come into force on January 1, 1994.

### Henan Secretary Inspects Mountainous Areas 2-6 Dec

HK1012121893 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 7 Dec 93

[Excerpts] Provincial party committee Secretary Li Changchun inspected mountainous areas in the western part of Henan from 2-6 December.

During the inspection, Comrade Li Changchun discussed with local cadres and people ways of eradicating poverty and achieving prosperity. He urged leading cadres at all levels in the province's poverty-stricken areas to develop a strong sense of historical responsibility and a strong sense of urgency to lead the broad masses of people to rapidly shake off poverty, achieve prosperity, and push ahead with economic development by following a new train of thought.

During his five-day inspection tour, Comrade Li Changchun inspected four counties, where he visited a number of township and town enterprises, had a look at some highways in rural areas, and called on several peasant households. [passage omitted]

On 6 December, Comrade Li Changchun held talks with the Luoyang City leaders. He urged leaders and cadres at all levels in the province's poverty-stricken areas to enhance confidence in eradicating poverty and achieving prosperity. To this end, he noted that first it is imperative to cultivate a sense of efficiency, readjust agricultural structure, shift emphasis from output to efficiency, make more efficient use of loans earmarked for poverty-stricken areas, carry out scientific demonstration and feasibility studies before building new projects, and successfully manage the existing enterprises. Second, it is imperative to deepen all types of reforms, expedite separation of party cadres from government cadres at county and township levels, rapidly shift the operative mechanism, successfully manage the existing state-owned enterprises at county and township levels, vigorously develop a diversified economy while keeping the public ownership system predominant, commercialize agriculture as soon as possible, and rapidly carry out the personnel system reform regarding county and township cadres. Third, it is imperative to study and work out feasible ways to enable certain people in the poverty-stricken areas to become prosperous ahead of others, boldly support areas capable of faster growth as well as competent people to become prosperous first, and strive to build a batch of prosperous townships, villages, and profitable enterprises over the next few years and enable

more areas to eradicate poverty and achieve prosperity. Fourth, it is imperative to further open up the mountainous areas and effect omnidirectional opening up. Fifth, it is imperative to bring into full play local superiorities, make breakthroughs in a number of selected domains, and integrate building prosperous counties with bringing prosperity to local people.

Comrade Li Changchun noted: The poverty-stricken areas should successfully build party organizations at all levels and try to turn party organizations into a staunch core capable of guiding local people to shake off poverty and achieve prosperity. The leading bodies at all levels in the poverty-stricken counties should strive to raise clean government and party style building to a new level, popularize successful experiences in this regard among grass-roots party branches in the rural areas, build more advanced party branches in the course of building spiritual and material civilizations, continually and firmly grasp two work aspects at the same time, successfully carry out social order comprehensive management in the rural areas, and step up socialist spiritual civilization building.

Comrade Li Changchun called for providing stronger leadership for the work of assisting poverty-stricken areas. To this end, he said all levels in the province should immediately start revising and perfecting plans of assisting poverty-stricken areas on the basis of summing up what they have done in this connection since 1985 and should select and dispatch competent cadres to work in the poverty-stricken counties.

Comrade Li Changchun maintained: The provincial and city party committees and governments should also try to further relax policy control over the poverty-stricken counties and help the poverty-stricken areas shake off poverty, achieve prosperity, and accelerate development.

### Hubei Governor Inspects Enshi Prefecture

HK1012043293 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 7 Dec 93

[Excerpts] Provincial Governor Jia Zhijie inspected Enshi Tujia-Miao Autonomous Prefecture 29 November-4 December. The governor visited a total of eight cities and counties in the prefecture, where he carried out investigation and study with regard to the issues of economic development, assisting poverty-stricken areas, and sending relief to disaster areas. He also conveyed greetings to the people of all nationalities in Enshi on behalf of the provincial party committee and government and attended a ceremony marking the 10th anniversary of the founding of Enshi Tujia-Miao Autonomous Prefecture.

Governor Jia Zhijie repeatedly and emphatically stated: Enshi Tujia-Miao Autonomous Prefecture should firmly seize each and every opportunity, should develop local advantages, should focus on key aspects of work, should make every possible effort to rapidly develop the

economy of areas inhabited by ethnic minorities, and should help the mountainous areas eradicate poverty, achieve prosperity, and realize a comparatively well-off standard of living as soon as possible.

During the inspection, Governor Jia Zhijie and his entourage also listened to work reports made by the Enshi Tujia-Miao Autonomous Prefectural CPC Committee and the people's government, visited a number of enterprises, inspected some diversified economic bases, called on peasant households in disaster areas, met with village school teachers and students, and held talks and discussed local economic development plans with prefectural and township cadres.

After fully affirming Enshi's rapid economic and social development since it was founded 10 years ago, Governor Jia Zhijie pointed out: The 1990s have been an era marked by faster growth. Like other parts of Hubei, the Enshi Tujia-Miao Autonomous Prefecture is also confronted with an unprecedented development opportunity at the moment.

After speaking highly of a future development strategy formulated by the autonomous prefectural party committee and government, Governor Jia Zhijie called on the entire autonomous prefecture to firmly adhere to economic construction as the center, to implement to the letter Comrade Deng Xiaoping's instruction that "development is the last word" [fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810], to further emancipate the mind, to seek truth from facts, to carry out work by proceeding from actual conditions, to develop local advantages, to achieve prosperity in light of actual local conditions, and to explore a pragmatic road leading to rapid economic growth with local characteristics.

Speaking about expediting Enshi's development, Governor Jia Zhijie maintained: First and foremost, we should give top priority to developing grain production and resolving the problem of food and clothing in a steady way, this being the basis upon which the mountainous areas can develop. To this end, it is imperative to build more stable-yield and high-yield arable land for grain crops so as to basically realize grain self-sufficiency for years in which there is no serious natural disaster. We must store a small amount of surplus grain in such years and sell some of the surplus grain to others areas in years in which there is a good grain harvest. After successfully resolving the grain problem, it is imperative to further readjust the rural production structure, vigorously develop a diversified economy, and develop township and town enterprises at an exceptionally high speed so as to bring about a comparatively well-off standard of living.

Governor Jia Zhijie noted: First, Enshi is a mountainous area full of potential in terms of exploitation. It is imperative to energetically develop forests capable of high economic efficiency and strive to raise the per capita area of such forests to one mu. It is necessary to

develop township and town enterprises by suiting measures to local conditions, providing classified guidance in this connection, and implementing the strategy of developing township and town enterprises in both towns and border areas adjacent to fraternal provinces.

Second, it is imperative to give full scope to superior local resources and vigorously develop pillar industries and backbone enterprises with local characteristics. As this prefecture is rich in water resources, efforts should be redoubled to build more new hydropower stations. Enshi should also further develop its superior biological, mineral, and tourism resources. [passage omitted]

Third, it is imperative to build communications and circulation networks at a faster pace. The provincial authorities should provide Enshi with assistance in this regard to enable it to upgrade its highways, develop more border trade markets, and produce more special local products. [passage omitted]

Fourth, it is imperative to continually implement the strategy of promoting development in the mountainous areas by virtue of advanced science and technology, push ahead with the development of education in these areas, and strive to improve the scientific and cultural qualities of the people living in these areas. [passage omitted]

Governor Jia Zhijie also called for implementing autonomy to the letter in all areas inhabited by ethnic minorities and earnestly strengthening solidarity among people of all nationalities. He stated: The party committees and governments at all levels in Enshi should conscientiously implement and carry out all relevant autonomy laws and regulations, should constantly attach the utmost importance to nationality solidarity, and should strive to strengthen grand solidarity among people of all nationalities. To this end, it is necessary to implement to the letter all preferential policies tailored to areas inhabited by people of ethnic minorities so as to speed up development of those areas. [passage omitted]

During his inspection, Jia Zhijie repeatedly stressed: Cadres at all levels in Enshi should conscientiously study Volume 3 of the *Selected Works of Deng Xiaoping*, should fully comprehend the theory of building socialism with Chinese characteristics, should firmly adhere to the party's basic line, and should conscientiously implement the spirit of the 14th CPC National Congress as well as the spirit of the Third Plenary Session of the 14th CPC Central Committee. They should further emancipate their minds, renew ideological concepts, bravely forge ahead, work hard in a pioneering spirit, and lead people of all nationalities in Enshi to develop a spirit of self-reliance and strive for a much brighter tomorrow. [passage omitted]

Those accompanying Comrade Jia Zhijie during his inspection tour were: Wang Zhongnong, provincial party committee standing committee member and propaganda department director; principal comrades in charge of the Enshi Tujia-Miao Autonomous Prefectural CPC Committee and People's Government; comrades in charge of

the provincial people's government research office, civil affairs department, finance department, grain bureau, and office for assisting poverty-stricken areas; and others.

### Hunan Tax Revenue Increases Due to Foreign-Funded Firms

OW1012085393 Beijing XINHUA in English  
0759 GMT 10 Dec 93

[Text] Changsha, December 10 (XINHUA)—The local revenue of Hunan Province has increased nearly 14 times thanks to the contributions to an increasing number of profitable foreign-funded firms.

The number of such firms in this central China province has risen to nearly 3,000—and many are proving to be highly profitable, specially some of the big ones.

Those engaged in infrastructure work such as transport, energy and raw material production enjoy ten years of tax exemption, and foreign-funded firms are the beneficiaries of a number of preferential policies.

In the first ten months of this year, the foreign-funded enterprises paid 81.4 million yuan (about 13.5 million U.S. dollars) in taxes and the total amount is expected to exceed 100 million yuan by the end of this year, according to an official of the provincial tax authorities.

In 1988, the tax payment by foreign-funded enterprises was only 6.4 million yuan (about 1 million U.S. dollars).

### North Region

#### Activities of Beijing's Chen Xitong Noted

##### Receives Award-Winning Youth

SK0912130593 Beijing BEIJING RIBAO in Chinese  
2 Dec 93 p 1

[Text] While receiving the team of Beijing representatives that returned triumphantly from the First China Youth Technical Ability Olympiad on the morning of 1 December, Chen Xitong, secretary of the municipal party committee, earnestly encouraged the representatives to have ideals and aspirations, to cherish the youth, to firmly grasp the time to acquire knowledge, master ability, and become real talents; and to dedicate themselves to realizing the target of becoming fairly well-off, which is an even higher target.

Comprised of 10 technical competitions, the First China Youth Technical Ability Olympiad was held from 3 September to 26 November by eight ministries and commission, including the Ministry of Labor. The 25-member team from Beijing participated in nine technical contests. Through the past three months of competition, Beijing's 12 representatives entered the first three places, and the Beijing team won the team title.

Wang Jianlun, director of the municipal labor bureau, reported on the situation of the team's participation in the contests and also introduced the award-winning representatives. Yang Dacheng, who won in the category of preparing western food, gave a speech on behalf of the award-winning representatives. In line with the situation that the Beijing team made outstanding achievements in the category of tertiary industry and lagged far behind in the secondary industry, Li Runwu, vice mayor of the municipality, urged that the young workers on the secondary industrial front work hard to catch up with the advanced level. Vice Mayor Meng Xuenong encouraged the prize winners to guard against arrogance and rashness and to make further progress. Shang Baokun, president of the municipal trade union council, and Yao Wang, secretary of the municipal Communist Youth League committee, urged young workers across the municipality to learn from the example of the prize winners and make more contributions to the motherland and the capital.

Chen Xitong praised the award-winning young men for their contributions to the motherland and the people and said to learn from them. He said: Under the guidance of Deng Xiaoping's theory on building socialism with Chinese characteristics and under the leadership of the party Central Committee with Comrade Jiang Zemin as its nucleus, the socialist China is setting up the socialist market economy system and is advancing toward the target of becoming fairly well-off by 2000 and the target of standing among the medium developed countries, which is an even higher target, so that people of all nationalities across the country may lead comfortable lives. The most fundamental way for turning poverty into wealth is to rely on ourselves. Therefore, we should have a sense of national self-respect and national self-confidence. He earnestly told them that the work they were engaged in was related to the goal of becoming fairly well-off, and that fighting to realize this goal, or even a higher goal, is a glorious task. The young people should have ideals and aspirations and build the motherland into a powerful country. We must not envy foreign countries, feel ourselves inferior, or lose our aspirations when coming across the good aspects of foreign countries. We should recognize our backwardness but not accept being backward. Only when we work in a down-to-earth manner to change the backward situation will we be able to become the backbone of the Chinese people.

Chen Xitong said: Talents and heroes actually emerge in large numbers in socialist countries. This is determined by our systems. Simultaneously, increasingly more talents, including those who are unknown to the public, will emerge. Departments with more talents will be regarded as having made more work achievements. This is a standard for judging the leadership level.

Chen Xitong pointed out: Youth are in a period of growing physically and gaining knowledge. Knowledge is power. With knowledge, we will be able to serve the motherland and the people. We should rely on the youth

to build the motherland. We should mainly rely on the people of your generation to advance toward the target of standing among the medium developed countries. He quoted an ancient poem: "Advice the people not to lose their clothes sewn with gold thread and advice the people to cherish their youth. Gather roses while you may and do not wait until they wither." He earnestly urged that only when we cherish the youth, firmly grasp the time of the best ages, study hard, enrich our knowledge, and further upgrade our ability will we not remain transient figures, but become real talents, to better serve the motherland.

Hu Zhaoguang, vice mayor of the municipality, chaired the reception and the forum. Duan Bingren, deputy secretary of the municipal party committee, and Fan Yuanmo, secretary general of the municipal government, attended the reception. After the forum, municipal leaders, including Chen Xitong, had a group photo taken with the representatives to mark the occasion.

### Investigates Beijing Cotton Mill

*SK1012055393 Beijing BEIJING RIBAO in Chinese  
3 Dec 93 p 1*

[By correspondent Liu Bingti (0491 4426 1879) and reporter Guo Qili (6753 2722 2698): "State-Owned Large and Medium-Sized Enterprises Should Actively Create Favorable Conditions and Explore the Way of Establishing a Modern Enterprise System"]

[Excerpts] "All state-owned large and medium-sized enterprises should conscientiously study and implement the party Central Committee decision on establishing the socialist market economy system, actively create favorable conditions, and explore the way of establishing a modern enterprise system." This was particularly emphasized by Chen Xitong, secretary of the municipal party committee, when he was conducting investigation and study at the Beijing No. 1 Cotton Mill on 2 December.

Municipal leaders Ouyang Wenan, Duan Bingren, and Li Runwu as well as leaders of pertinent committees, offices, and bureaus participated in the investigation and study activity. [passage omitted]

Beijing No. 1 Cotton Mill is the first large cotton mill of the municipality, which has created 880 million yuan in profits and taxes since its establishment. In the first quarter of this year, it registered a deficit of 4.09 million yuan due to price increase in raw materials and energy resources. Making great efforts to adjust its product mix, the plant developed 21 products of high additional value and eliminated 16 old products that had caused deficits. By the end of November, deficits had been reduced by 80 percent in terms of comparable standards, profit-decreasing factors totaling 20 million yuan had been absorbed, and all economic and technological targets had been surpassed. [passage omitted]

In his speech, Comrade Chen Xitong fully affirmed the achievements won by Beijing's textile enterprises. He said: It is not easy for the entire trade to eliminate deficits. However, it still has a long way to go before achieving a steady upturn and unremitting efforts are necessary. The third plenary session of the 14th party Central Committee approved the "decision on establishment of the socialist market economy system," and the State Council is studying specific plans for implementing it and will issue them one after another. The socialist market economy system cannot be established in one move. Therefore, in steps and methods, we should not only actively conduct exploration but also advance step by step and in a steady manner. Reform steps should be quickened bravely concerning the endeavors for which conditions are mature and in which success can be ensured. Whatever steps we take, we should not depart from the original aim, namely to invigorate state-owned large and medium-sized enterprises. State-owned enterprises constitute the foundation of the socialist market economy. Without a solid foundation, the entire framework will collapse. We should improve state-owned, large and medium-sized enterprises. Only thus will we be able to ensure the prosperity of the state, the affluence of the people, and the stability of society, ensure that the banner of socialism is fluttering high in China, and ensure that the nature of our country will not change. We should help and support the promising state-owned, large and medium-sized enterprises to enter the market. Government departments should have a full understanding of this. The burden on state-owned large and medium-sized enterprises is still very heavy, and assistance to them should be continued.

Chen Xitong particularly emphasized: The party Central Committee has called for establishing a modern enterprise system. One hundred enterprises across the country are to be selected as pilot enterprises. Beijing municipality should also conduct some experiments. All enterprises, pilot enterprises or not, should make early preparations, create favorable conditions, actively conduct exploration, and take the initiative in attaining the target of establishing a modern enterprise system.

### Beijing Sees Growth in Overseas Investment

*OW1012084993 Beijing XINHUA in English  
0755 GMT 10 Dec 93*

[Text] Beijing, December 10 (XINHUA)—China's capital city has attracted billions in overseas investment and millions of tourists from abroad this year.

By the end of last month, the city had signed contracts for 3,451 joint ventures with a total investment of over 9.5 billion U.S. dollars, including 5.75 billion U.S. dollars from overseas investors, or 3.9 and 4.6 times the amount for the same period last year.

Also, the city's exports jumped up by 14 percent to 1.54 billion U.S. dollars, with 370 million U.S. dollars coming from overseas-funded ventures, and it imported more

than 200 items of technology and equipment totalling at least 200 million U.S. dollars.

To date, the number of tourists from the United States, Japan, Germany, Britain, Russia, Malaysia, and Singapore has reached over 1.9 million people, an increase of more than 40 percent over the same period last year.

By the middle of this month, Beijing is expected to meet its two millionth overseas tourist.

Experts involved in this sector attributed the hot overseas investment to the city's increasingly improving conditions and the expansion of investment areas.

Investments by about 20 transnational firms from developed countries and regions, with a record average investment of 2.77 million U.S. dollars this year, pushed the capital's economic development to a new height.

The scales of investment were also expanded, including new and high-tech industries, urban construction, commerce, communications, consultation and information, tourism, electric power, and health and medical care.

Further opening to the outside world also brought many state-owned enterprise into the world market.

The city set up about 40 Chinese-funded enterprises abroad this year and sent nearly 3,000 people abroad to provide various labor services.

#### **Hebei Section of Beijing-Harbin Optical Cable Completed**

*SK1012054893 Shijiazhuang HEBEI RIBAO in Chinese 30 Nov 93 p 1*

[Text] The laying of the Chengde Section, in Hebei, of the Beijing-Harbin optical fiber telecommunications cable—one of the key telecommunications project of the state for the Eighth Five-Year Plan period undertaken by the Beijing Engineering Bureau of the China Telecommunications Construction Corporation—was completed on 25 November. The 250 km-long Hebei section of this main optical fiber telecommunications cable starts from Gubeikou in the west and ends in Liaoning's Sanshijiazi in the east. It goes through Luanping County, Chengde city proper, and Pingquan County, and, from Pingquan, a branch goes to Kuancheng.

#### **Northeast Region**

##### **Heilongjiang Holds Anticorruption Telephone Conference**

*SK1012080493 Harbin HEILONGJIANG RIBAO in Chinese 1 Dec 93 p 1*

[By reporter Qi Nilian (2058 3136 5571): "Exert Greater Efforts To Fulfill the Anticorruption Targets on Schedule"]

[Excerpt] "During the New Year and Spring Festival periods, leading cadres at all levels should set an example in leading an honest and happy holiday and cut down unnecessary meetings, celebration and commendation activities, and visits to one another. They are prohibited from giving and taking money, commodity coupons, and native and special products as gifts, to indulge in lavish wining and dining with public funds, and to engage in high-consumption recreational activities. Those who violate the regulation must be dealt with strictly." This was a call put forward at the provincial anticorruption telephone conference held on the afternoon of 30 November.

The conference publicized the results in the previous anticorruption struggle of the province and made further arrangements for the anticorruption work to be carried out before the end of this year.

Since the central authorities made important arrangements for the anticorruption struggle of the near future, the province has adopted a firm attitude and positive deeds to carry out the anticorruption struggle and has achieved initial success. The 14 prefectures and cities of the province and most units have established leading groups particularly for the anticorruption struggle. All prefectures, the 137 departments and bureaus directly under the province, and the overwhelming majority of the leading bodies at the county (section) level have conducted self-examination and self-correction activities. After initial examination, 1,636 problems in 10 aspects, such as providing preferential conditions for one's children, spouses, and relatives to do business, taking concurrent jobs in economic entities, and accepting money and marketable stocks as gifts, were discovered, and 1,143 have been corrected. A breakthrough was achieved in investigating and handling large and serious cases. From January to October this year, the province put 4,202 cases on file, and 3,200 cases of them were concluded. They involved 4,479 party members. In September and October, discipline inspection and supervision departments at and above the county level put 854 cases on file and concluded 834 of them, punishing 811 party members. Procuratorates at all levels conducted investigations on 790 economic cases, and courts at all levels accepted and heard 277 economic cases and concluded 237 of them, recovering 8.15 million yuan in economic losses for the state. In correcting unhealthy trends, the province has abolished 47 items of unwarranted fees. In the past two months, eighty persons in 10 departments and bureaus directly under the province took the initiative in canceling their applications for foreign trips saving 2.6 million yuan in state funds. The province also discovered 5,417 enterprises run by party and government organs, of which 1,042 have been separated from the party and government organs and linked to finance departments.

The current anticorruption work still lags far behind the targets set forth by the party Central Committee for the present stage. Some leaders of units talked more and did less and lacked earnest efforts and practical work.

During self-examination and self-correction, some leading cadres investigated minor and non-existing problems instead of serious and real problems, avoiding the important and dwelling on the trivial. In view of these problems, Ma Guoliang, deputy secretary of the provincial party committee, set a clear demand for exerting more efforts to ensure the attainment of the three anti-corruption targets on schedule.

Ma Guoliang called for success in the following three aspects of work. First, we should ensure the quality of leading cadres' efforts in maintaining honesty and self-discipline and in conducting self-examination and self-correction. Currently, emphasis should be placed on the democratic meetings held by leading bodies on their honesty, self-discipline, self-examination, and self-correction. We should adopt various measures to solicit opinions from the masses and subject ourselves to their criticism and supervision. Second, we should continue efforts to investigate and handle large and serious cases. Leading persons at all levels should attend to this work personally, allocate more competent personnel in investigating and handling cases promptly, and strive to conclude another group of cases before the end of this year. We should classify and investigate a number of leads to cases in preparation for next year's work. Third, we should conscientiously examine and correct unhealthy trends. The results in solving problems previously should be consolidated, and intensified efforts should be continued regarding the problems that are being examined. [passage omitted]

#### **Heilongjiang Rural Work Conference Ends 7 Dec**

SK0812052493 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 7 Dec 93

[Text] The provincial rural work conference ended in Harbin on 7 December.

At the conference, Governor Shao Qihui pointed out: We should carry out the rural work in line with the goal of increasing the peasants' income, appropriately handle the relationship between social stability and reform and development, vigorously implement the strategy of rejuvenating the province with science and technology, change traditional forms and methods in agricultural production, and further develop the gratifying situation in the rural work.

Shao Qihui said: We should carry out rural work in line with the goal of increasing the peasants' income. We should proceed from this goal to make rural work arrangements, work out rules and regulations, and implement methods and measures. While defining matters, we should take into consideration the capacity of the agricultural front and the burdens of the peasants. Any items on reducing the peasants' burdens, that have been suspended, must not wantonly be enforced again without the approval of the province. We should appropriately handle the relationship between social stability and reform and development.

He said: The direct reason for reaping bumper agricultural harvests in the past few years is that we have relied on science and technology. Under the circumstances where policies have been defined and the input to agriculture limited, we must rely on education and science and technology for rural economic development.

He stressed: We should further strengthen agriculture's role as the foundation of the national economy. All departments should make concerted efforts, go all out to support agriculture, and do more beneficial things to promote rural economic development.

During the conference, the participants heard and also discussed the report delivered by Sun Weiben, secretary of the provincial party committee. Responsible persons of nine prefectures, cities, and counties, including Zhaodong city, Shangcheng city, Hailin city, Suihua Prefecture, and Songhuajiang Prefecture, introduced typical examples of their region at the conference.

The conference discussed and revised the provincial proposal for implementing the CPC Central Committee and the State Council's several opinions on the current agriculture and the rural economic development.

#### **Heilongjiang's Mishan City Elects New Mayor 27 Nov**

SK1012060093 Harbin HEILONGJIANG RIBAO in Chinese 30 Nov 93 p 1

[Text] At the first session of the third Mishan city people's congress held on 27 November, Zhang Bangsheng [1728 6721 0581] was elected mayor of the Mishan city people's government.

#### **Grain, Soya Bean Output Increase in Heilongjiang**

OW0912032193 Beijing XINHUA in English 0256 GMT 9 Dec 93

[Text] Beijing, December 9 (XINHUA)—The reclamation area in Heilongjiang Province, northeast China, which is one of the country's major producers of marketable grain and soya beans, reaped a good harvest this year.

The total output of grain and soya beans of the area amounted to four billion kilograms. The per-hectare output of soya beans and rice was about 20 percent more than last year. This meant that every farmer in the area produced this year over 10,000 kilograms of grain on the average.

The area has been hit by draught, floods and other natural disasters in the past three years. With the reform of management system and improved farming technology, however, the area has managed to achieve good harvests for the three consecutive years.

This year, the area also extended the grown acreages of rice, soya beans and other cash crops according to the market demand, thus increasing its economic efficiency remarkably.

**Jilin Meets on Fight Against 'Unhealthy Trends'**

*SK1012100293 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 9 Dec 93*

[Text] The provincial government held the third meeting to report the situation in waging the special struggle against unhealthy trends.

According to the provincial party committee's arrangements for waging the anticorruption struggle, in the previous stage, the provincial government focused its efforts on eliminating the problems that the masses complained strongly about, such as the wanton collection of charges, wanton fining, party and government organs engaging in business, running enterprises, and violating discipline to purchase sedan cars, party and government office cadres going abroad for trips with public funds, and the unhealthy trends within key trades and departments. To fulfill the arrangements, in the past three months, the provincial government organized six offices to take charge of waging this special struggle, made a unified plan, divided tasks, defined responsibility, and made better achievements in eliminating unhealthy trends and waging the special struggle. As of now, the province has sorted out 3,132 items on wantonly collecting charges, combined these overlapping items into 781 items, and declared the abolishment of these items. Thus, the province has basically brought the phenomena of wantonly collecting charges under control. The province cleared up and discovered 606 items on wantonly imposing fines and combined overlapping items to bring the number of items down to 161. Through clarification, examination, and assessment, the province abolished four of these items and suspended 22 items. As of the end of last October, the province will have handed over 129.79 million yuan of revenues from fines and confiscations, of which over 121.82 million yuan will have really gone to the financial department, and be behind with the payment of 7.97 million yuan.

Since the beginning of 1992, party and government organs across the province have run 42,263 enterprises. There are 1,369 enterprises of this kind whose functions, financial affairs, and personnel are not divorced from the original organs. Through the consolidation this time, 1,153 enterprises of this kind are divorced from their original organs, accounting for 84.2 percent of the total. The province investigated and handled 1,630 illegally gained sedan cars, accounting for 3.8 percent of the existing sedan cars that have been obtained by the owners as gifts. Besides, the province confiscated 227 fake and borrowed security vehicle plates and 54 army and police vehicle plates. As of the end of October, the province sent 12,757 official visiting groups involving 68,671 persons, and 7,024 people went abroad for visiting relatives and going sightseeing. Of this, 403 groups

involving 1,519 persons should be cleared up and examined. Through investigations and verifications, we initially defined that since the beginning of September, the province has stopped and readjusted 33 visiting groups involving 216 persons that attempted to go abroad for trips with public funds.

(Jun Yaoting), deputy secretary general of the provincial government, made a speech at the meeting.

He pointed out in his speech: Through the efforts in the past three months, our province has firmly eliminated unhealthy trends and made noticeable achievements in the special struggle. However, some problems remain. Major problems include the fact that leading cadres of some localities and departments have ideological problems, are afraid of difficulties, are taking a wait-and-see attitude, and even are in the state of [words indistinct]; that the development of the work in various localities is insufficient as some localities and units are rather slow in carrying out their work; and that some departments show the phenomena of [words indistinct]. For instance, Meihekou city refused to suspend the items on wantonly collecting charges according to the requirements of the provincial party committee and the provincial government. The provincial government will sternly punish Meihekou city for not enforcing order and prohibition, ask the provincial price bureau to conscientiously investigate and handle the city, and confiscate the city's revenues from wantonly collecting funds. Simultaneously, the provincial government asked Meihekou city to work out definite measures for solving existing problems. Other localities should conduct further reexaminations according to requirements. The items that the provincial government declared must be suspended or abolished must not be carried out. We should continue to consolidate existing achievements, further strengthen leadership, upgrade the understanding of the leaders at various levels, and ensure the implementation of various cleanup measures. It is necessary to further intensify the responsibility system. The leaders at various levels should realistically assume responsibility, make corrections in the course of rectification, strive to enjoy the trust of the people, firmly handle the cases that have been verified, firmly attend to investigating and handling key problems and hot-debated problems, give both positive and negative examples, rely on the masses to strengthen social supervision, and deepen the special struggle against unhealthy trends.

**Jilin Individual, Private Economy Develop**

*SK1012094993 Changchun JILIN RIBAO in Chinese 28 Nov 93 p 1*

[By reporter Yin Hua (1438 5478); "The Province Experiences Rapid Development of Individual and Private Sectors of the Economy"]

[Text] The province's individual and private sectors of the economy have escaped the stagnated state and have made considerable progress in the process of building the

**socialist market economic system.** By the end of September, there were 431,001 individual industrial and commercial enterprises in the province for which 604,199 persons were working, up 14.37 percent and 11.89 percent respectively from the figures from the beginning of this year. Meanwhile, private enterprises numbered 3,761, up 48.66 percent over that of the beginning of this year.

Along with the acceleration of the pace of reform, opening up, and economic development, all localities in the province have regarded the development of individual and private sectors of the economy as a new growth point for the development of the national economy, have actually strengthened organization and leadership, have set forth policies to encourage and support development, have extensively propagated related policies, have provided multi-faceted service, and have strengthened protection measures, thus obviously accelerating the development of the province's individual and private sectors of the economy.

The management scale has been expanded. The fund, output value, business volume, and retail sales volume which indicate the management scale of individual and private enterprises, have increased steadily, and economic strength has intensified constantly. As of September of this year, the registration fund of individual industrial and commercial enterprises in the province increased by 34.8 percent over that of the beginning of this year; output value increased by 42.12 percent; business volume increased by 63.82 percent; and retail sales of commodities increased by 88.62 percent. The registration fund of private enterprises increased by 129.7 percent over that at the beginning of this year; output value increased by 51.32 percent; business volume increased by 303.43 percent; and retail sales of commodities increased by 267.76 percent. Such a great increase in management scale has never been seen before.

A practical step has been made in initiating scientific and technology-oriented and export-oriented enterprises. A total of 87 private enterprises and 22 individual enterprises have engaged in the development of high-technology industries. Some of their products have won the state invention prizes and the world invention prizes, some have filled the gaps at home and abroad, and some have outstripped others of the same trades in the country. Seven private enterprises have opened corporations abroad, 27 private enterprises have run joint venture and cooperative enterprises together with foreign firms, and 36 individual and private enterprises have pushed their products into world markets.

Organizational form has diversified. A total of 160 individual and private enterprises have contracted state-owned and collective enterprises, three carried out the leasing system, and 24 cooperated with state-owned and collective enterprises, thus giving rise to the organizational form of collectivized management.

The level of income has continued to improve. Economic efficiency of individual and private enterprises has been good in general, and their income is above the average of social members. For jobless persons and peasants, developing individual and private enterprises is a practical way to make a living and become rich.

The proportion in the national economy has risen. Taking the 1991 year-end figure as the base, the proportion of employees of individual industrial and commercial enterprises and private enterprises in the total number of workers and staff members of state-owned and collective enterprises rose from 8.33 percent to 10.65 percent; the proportion of such employees in the total population of the province rose from 2.1 percent to 2.46 percent; the proportion of funds owned by individual industrial and commercial enterprises and private enterprises in the total funds of state-owned and collective enterprises rose from 3.1 percent to 3.6 percent; the proportion of the funds owned by individual and private enterprises in the total output value of society rose from 7.1 percent to 7.9 percent; and retail sales of individual and private enterprises in the total retail sales of commodities in society rose from 12 percent to 13.5 percent. The taxes paid by individual and private enterprises to the state increased from 420 million yuan in 1991 to 470 million yuan in 1992.

To further accelerate the development of individual and private enterprises, the provincial government recently held the provincial forum on developing individual and private sectors of the economy in Tonghua. Vice Governor Liu Xilin made in-depth mobilization and work arrangements for pushing the development of individual and private sectors of the economy to a new stage.

#### Liaoning Governor on Deng Xiaoping's Theory

SK1012064493 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 9 Dec 93

[Text] LIAONING RIBAO carries on the article written by Comrade Yue Qifeng on 9 December entitled "Grasp the Market Economic View of Deng Xiaoping". The article argues that Comrade Deng Xiaoping's market economic view is a scientific system. Its connotation is very rich. What is most important at present is that efforts should be made to grasp the following four basic viewpoints of Comrade Deng Xiaoping's market economic view: 1) Efforts should be made to understand the market economy from the angle of whether the reform is more favorable for developing social productive forces. 2) Efforts should be made to regard both planning and markets as a means. By no means should we think the market economy only belongs to capitalism. We should boldly establish and develop the socialist market economy systems. 3) The socialist market economy includes a general system with public ownership as a main body and with various economic compositions and has cropped up under the socialist conditions. 4) Efforts should be made to better bring into play the strong points of the two methods of planning and the market

and to reinforce and improve the macro readjustment and control conducted by the state for the economy.

The article is the preface written by Comrade Yue Qifeng for a series of books on heading towards markets.

### Liaoning Apprehends Pornographic Tape Copying Group

*SK1012095993 Shenyang LIAONING RIBAO in Chinese 2 Dec 93 p 1*

[Text] Not long ago, the security subbureau of Shenyang Taoxian Airport destroyed the place that was unlawfully engaged in the duplication of pornographic videotapes.

A few days ago, Hu Yaojun and Li Wei, workers of the Haicheng city power industrial bureau, went to Taoxian Airport to confiscate videotapes from a passenger from Guangzhou. They were found by the cadres and policemen on duty at the police substation of the airport. Larger amounts of illegally duplicated pornographic videotapes and trademarks were discovered as a result. Hu and Li confessed that they were attempting to take these pornographic videotapes to Haicheng to have them duplicated sold for profits. The leaders of the subbureau made a prompt decision to grasp an opportune moment to cracking the case and organized cadres and policemen of the security section, the police subbureau, and the police forces. On the same afternoon, the policemen went to Meng Fanjiao's house that was located on the outskirts of Haicheng city and closed down the place where pornographic videotapes were being duplicated illegally. Sixty Sharp-brand B78 videocorders, two Kangjia-brand 51-centimeter color television sets, 2,680 blank videotapes, 1,000 duplicated videotapes, and illegal trademarks and packing articles were confiscated. In addition, two pornographic videotapes, a 5.6-caliber sports-use rifle, and 31 ammunition rounds were found at the house of Meng Xianghua, a member of the gang of criminals. This case was concluded with the assistance by the provincial and city public security organs and relevant departments.

### Liaoning Opens Wider to Outside World

*OW0912021693 Beijing XINHUA in English 0206 GMT 9 Dec 93*

[Text] Shengyang, December 9 (XINHUA)— Accelerating its drive of opening to the outside world, Liaoning, an industrial province in northeast China, has attracted increasing numbers of foreign businessmen in recent years.

Statistics show that in 1992, the province achieved a record high of 3.91 billion U.S. dollars in exports and earned 102 million U.S. dollars through tourism. The new foreign-funded projects and contractual investment last year in the province surpassed the total of the previous 13 years.

From January to October, Liaoning exported 4.93 billion U.S. dollars worth of goods and absorbed 2.86 billion U.S. dollars from abroad for 3,015 projects.

Over 6,800 foreign-funded enterprises, with a capital input of 14.89 billion U.S. dollars, have been approved.

Meanwhile, the economic development zones in Dalian, Shenyang and Yingkou, together with the Dandong border economic cooperation area, have invested 4.6 billion yuan to speed up construction.

Liaoning's investment environment has also seen great improvements. Many infrastructural facilities have been set up, including an air route from Shenyang, the capital of the province, to Seoul.

These outstanding results are attributed to the correct policies the province has enforced.

Some 150 large state businesses have been authorized to make deals with overseas business directly. The export volume of the Anshan iron and steel incorporation has exceeded 100 million U.S. dollars.

To improve loss-making companies, the province has adopted flexible measures to introduce money, advanced technology and management from overseas. Over 1,100 firms have been reopened this way.

Recently, the province mapped out an overall blueprint toward a glorious, bright future.

Putting an emphasis on Dalian, a coastal city, the province will go all out to transform the port into the "Hong Kong of northern China," or a center of trade, finance, tourism and information.

The city has approved 746 foreign-funded companies with 3.64 billion U.S. dollars. A port with an annual handling capacity of 50 million tons is under construction. In addition, Liaoning boasts many port cities, such as Dandong, China's largest city neighboring Korea, and Yingkou, to which 430 million U.S. dollars have been pooled.

### Liaoning Economic Achievements Reported

*SK1012042493 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 9 Dec 93*

[Summary] Since the beginning of this year, the national economy of Liaoning Province has continuously maintained a trend of faster growth. The province's gross national product in the year is expected to reach about 175 billion yuan and to show from 13.5 to 3.8 percent increase over 1992 by calculating in terms of comparable prices.

During the from January to October period, township enterprises throughout the province realized 122.5 billion yuan of total output value and showed an 85 percent increase over the same period of 1992. Their total output value in the year is expected to reach more than 140 billion yuan and to show a 63 percent increase over

1992. They will realize 17.5 billion yuan of taxes and profits and show a 61 percent increase over 1992. During the period, other industrial enterprises with the three types of foreign-funded enterprises in the main realized 11.17 billion yuan and showed a 32.3 percent increase over the same period of 1992. The proportion of total sale of commercial commodities turned out by non-state-owned enterprises reached 41 percent. The business volume of trade fairs in both urban and rural areas showed a 56 percent increase over the same period of 1992 and accounted for 43.8 percent in the province's retail sale of social commodities. During the period, the volume of introduced foreign funds showed a 56.9 percent increase over the same period of 1992 and the number of three types of foreign-funded enterprises showed a 2,969 enterprise increase over the same period of 1992.

#### Liaoning Accelerating Development of Private Economy

*OW0812015993 Beijing XINHUA in English 0133  
GMT 8 Dec 93*

[Text] Shenyang, December 8 (XINHUA)—Liaoning Province, in northeast China, has been encouraging the development of individual businesses and the private economy and it has made marked progress in this sector.

The number of individual businesses and private enterprises has grown to more than 700,000, with 1.23 million employees.

The number of private enterprises now number 15,000 and their registered funds total 7.2 billion yuan, having respectively increased by 1.22 times and 3.55 times compared with 1988.

Last year, the taxes paid by the private enterprises and individual businesses totalled 1.14 billion yuan, 14 percent up on the previous year and accounting for 6 percent of the total tax income of the province.

With the development of the private enterprises, more and more private enterprises in the province are turning their attention to the application of new and high technology.

Now Liaoning Province has about 3,000 high-technology type private enterprises with more than 150 kinds of products which have been patented in China.

The private enterprises have also turned toward the international market. Statistics show that about 130 private enterprises have set up joint ventures with overseas counterparts in the province and they have absorbed 260 million yuan of investment from their overseas counterparts.

More than 300 private enterprises sell their products in more than 20 countries and regions of the world.

A number of the private enterprises are running their businesses in Vietnam, Russia, Japan, the United States, the Republic of Korea, and Hong Kong.

#### Liaoning Finishes State Optical Cable Project

*SK1012073793 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 9 Dec 93*

[Text] Liaoning Province recently finished building the main part in the province's section of the state key project set in the Eighth Five-Year Plan with regard to building an optical cable line among the cities of Beijing, Shenyang, and Harbin. The project is a large construction item approved by the state for dealing with the strained situation and contradiction cropping up in the long-distance telecommunication operation of northeast China. The total investment in the project reaches 700 million yuan and the optical cable line is 4,111 km long.

#### Northwest Region

#### Gansu Secretary on Deng's Works, Anticorruption

*HK1012121693 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 9 Dec 93*

[Text] When inspecting Gannan and Linxia, provincial party Secretary Yan Haiwang stressed the need to conscientiously study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and to vigorously promote economic and social development in ethnic areas.

From 7 to 12 December, Comrade Yan Haiwang went to Gannan and Linxia Autonomous Prefectures for investigation. He fully confirmed these two prefectures' achievements since the introduction of reform and opening up and their ideas and targets for future development. He said: All-level party committees and governments, particularly all-level leaders in ethnic areas, should proceed from the development of the socialist market economy in making overall plans and arrangements and in blazing new trails in helping the poor. He requested all-level party organizations to organize party members and cadres in profoundly studying Volume 3 of the *Selected Works of Deng Xiaoping* and the documents of the Third Plenary Session of the 14th CPC Central Committee, to expedite economic development in ethnic areas, and to speed up the pace of eradicating poverty and bringing about prosperity.

Yan Haiwang asked all-level party committees and governments to comprehensively implement the spirit of the central united front work meeting, to strengthen the unity of different nationalities, to do a good job in ethnic and religious affairs and in maintaining social stability, to conscientiously implement the party's policies on united front work, ethnic people, and religion, to profoundly carry out education on observing discipline and law among ethnic people, to actively and steadily handle all kinds of social contradictions, to guide the masses' efforts into developing production and the economy, and

to further safeguard and develop the political situation of stability and unity. The more developed the economy, the greater the necessity to strengthen party building.

Yan Haiwang said: Profoundly carrying out the struggle against corruption is the central task of the party in improving its ideology and style. All-level party organizations should exercise good leadership over the implementation of the leading cadres cleanliness and self-control responsibility system, should seek truth from facts, and should not overestimate the achievement in the previous struggle against corruption. The struggle against corruption is a prolonged task. It must be carried out unswervingly and through to the end.

### Xinjiang Discusses Tomur Dawamat's Resignation

OW1012021293 Urumqi Xinjiang Television Network  
in Mandarin 1330 GMT 9 Dec 93

[Announcer-read report over video by station reporters Cai Xuedong and Aimar Rozi; from the "Xinjiang News" program]

[Text] The Eighth Xinjiang Uygur Autonomous Regional People's Government held its fourth plenary session this morning. Those attending the session heard Tomur Dawamat's explanation of his resignation from the regional government chairmanship as well as the decision made by the Fifth Session of the Eighth Regional People's Congress Standing Committee to appoint Abulaidi Amudurexitu acting chairman of the regional government. [video begins with medium close-ups of Tomur Dawamat, Abulaidi Amudurexitu, and four other Xinjiang leaders seated at a long table with Tomur Dawamat reading from a written speech; video then cuts to close-up of Tomur Dawamat and shots of him shaking hands with Abulaidi Amudurexitu]

Wang Lequan, deputy secretary of the regional party committee and vice chairman of the regional people's government, chaired the session.

Tomur Dawamat; acting regional chairman Abulaidi Amudurexitu; vice regional chairmen Wang Youshan, (Aizihaiti Kerimubai), and Zhang Heng; as well as all the members of the eighth regional people's government attended the meeting. Leaders of the regional people's congress, the regional committee of the Chinese People's Political Consultative Committee [CPPCC], and the Xinjiang Production and Construction Corps—including Jie Fuping, Mao Dehua, and Botai—attended the meeting as observers. [video shows close-ups of these local leaders as their names are read by the announcer]

Addressing the meeting, Tomur Dawamat said: In accordance with the constitution and the local organic law which states National People's Congress [NPC] Standing Committee members may not assume executive offices, the regional people's government standing committee has accepted my resignation as regional government chairman. According to arrangements by the central

authorities, while I will properly discharge my duties as a member of the NPC Standing Committee, I will continue to work in Xinjiang on behalf of the party Central Committee and the NPC Standing Committee. I will continue to spend most of my time as a member of the Xinjiang regional party committee's leadership core, and will take part in studying and deciding major strategic issues pertaining to Xinjiang, such as promoting its national solidarity, social stability, and economic development. I will continue to care for and support the work of Comrade Abulaidi and the government. [video shows close-up of Tomur Dawamat and medium close-ups or group shots of other Xinjiang leaders as Tomur reads his speech]

Tomur Dawamat added: Since I became regional government chairman eight years ago, I have done something useful for Xinjiang, thanks to your support as well as proper guidance from the party Central Committee, the State Council, and the regional party committee. But the successes I have achieved should be attributed to the party and people. He said: The government leading group headed by Acting Chairman Abulaidi is a united and militant working group composed of young and educated members. I am very glad I have been succeeded by such a group. I have confidence in it.

Tomur Dawamat stated: Xinjiang now faces good development opportunities. We must rally closely around the party Central Committee with Comrade Jiang Zemin as the core; earnestly implement the guidelines laid down by the Third Plenary Session of the 14th CPC Central Committee; firmly adhere to the party's basic line; focus on economic construction; earnestly study Volume 3 of the *Selected Works of Deng Xiaoping*; properly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; and continue to accomplish all assignments put forth by the eighth regional people's congress. Guided by the State Council and regional party committee, we must voluntarily accept the supervision of the regional people's congress; maintain good relations with the regional CPPCC committee, military units stationed in Xinjiang, and the Xinjiang Production and Construction Corps; and build an ideologically and organizationally stronger government. We must adapt ourselves to the new situation, uphold the policy that agriculture is the foundation of the national economy, and speed up economic development in rural areas. We must care for the well being of peasants and herdsmen, attach importance to agriculture, and speed up the pace of helping peasants and herdsmen in impoverished and remote areas eradicate poverty. Meanwhile, we must intensify our efforts in building the infrastructure, and must make great efforts to develop our culture, education, and other social services. We must speed up Xinjiang's economic construction so Xinjiang can become a moderately affluent region simultaneously with the rest of the country.

Abulaidi Amudurexitu said in his speech: [video shows close-up of Abulaidi Amudurexitu reading a prepared speech, then cuts to show an audience of approximately

100 people sitting around an oblong conference table] Ever since Comrade Tomur Dawamat became chairman of the regional government eight years ago, he has accomplished a great deal of work beneficial to people of all nationalities in Xinjiang. The success he has achieved is remarkable. The past eight-year period was a period in which enormous changes have taken place in Xinjiang. It was a period marked by economic growth, political stability, national solidarity, and social progress in Xinjiang. It was a period in which the livelihood of people of all nationalities in Xinjiang has changed for the better. Comrade Tomur Dawamat has accumulated ample experience for us. Under Comrade Tomur Dawamat's guidance and assistance, we have learned a great deal of good experiences and methods of work. We believe Comrade Tomur Dawamat will continue to care for our work and give us his guidance, and will continue to make fresh and even greater contributions to Xinjiang's endeavors to establish a socialist market economic system; to consolidate and develop the great solidarity among people of all nationalities; and to achieve sustained, fast, and healthy economic development as well as all-around social progress.

Wang Lequan, Jie Fuping, Mao Dehua, and Botai also spoke on behalf of the regional party committee, the regional people's congress, the regional CPPCC committee, and the Xinjiang Production and Construction Corps. [video shows close-ups of these Xinjiang leaders when their names are announced]

### Xinjiang Holds Rural Conference

*OW0712121393 Urumqi XINJIANG RIBAO in Chinese  
8 Nov 93 pp 1, 2*

[By reporter Yan Ming (2518 2494): "The Autonomous Regional Party Committee Holds Rural Work Conference"]

[Excerpts] The regional party committee's rural work conference opened on 7 November. The main agenda of the conference is to relay and implement the guidelines of the central rural work conference, study ways to improve agriculture and rural work in light of Xinjiang's reality, and draw up specific measures to advance Xinjiang's agriculture and its rural economy to a new level.

Tomur Dawamat, deputy secretary of the regional party committee and vice chairman of the regional government, made an important speech at the conference. Zhang Fusen, Jin Yunhui, Wang Lequan, Keyum Bawudun, Guo Gang, Zhou Shengtao, Hailiqiemu Silamu, Li Fengzi, Abudurehim Amiti, and other regional party and government leaders attended the conference. Comrade Wang Lequan presided over the conference and relayed the guidelines of the central rural work conference. Comrade Zhang Heng relayed the guidelines of the national conference on work of village and town enterprises. [passage omitted]

Comrade Tomur Dawamat's speech consists of seven parts. He first urged people to seriously summarize experiences and correctly recognize the situation on the agricultural and rural front. He said: Since the Third Plenary Session of the

11th CPC Central Committee, Xinjiang has reaped bumper harvests in agriculture for 16 consecutive years. This has not only laid the foundation for the region's social and political stability and for the coordinated development of the region's economy and its various other undertakings, but has also provided a strong support for national construction. [passage omitted]

Comrade Tomur Dawamat pointed out: We must soberly realize our region's rural economy is still at a low level of development; its agricultural infrastructure is fairly weak, and its ability to resist natural disasters is not strong enough. In recent years, the price scissors between industrial and agricultural products have widened rapidly, and the peasants' income has not risen in proportion to the increase in their output. In some localities, there were tendencies among people to ignore agriculture and slacken their efforts to develop it. In addition, policies protecting peasants and promoting agriculture were not implemented thoroughly. Particularly, the question of reducing the burdens on the peasants and herdsmen was not completely addressed. Village and town enterprises also encountered difficulties, and rural individual and private economic sectors were unable to develop rapidly. Because of the uneven development among different regions, the gap in economic development has further widened. For some peasants and herdsmen, the question of food and clothing remained unresolved. Some grass-roots organizations in farm and pastoral areas were in a weak, lax, and paralyzed or semi-paralyzed state. Further, new situations, problems, and contradictions have appeared in the process of deepening reform of the rural economic structure and developing a rural market economy. This has clearly told us the very arduous nature of our task to modernize agriculture and achieve a comfortable standard of living in the countryside. We must act in accordance with the guidelines of the central rural work conference, earnestly analyze and correctly recognize Xinjiang's situation on the agricultural and rural front, have stronger faith, seize the opportunity to make use of its favorable conditions and overcome its problems to ensure that agriculture will develop year after year, the countryside will become increasingly prosperous, the peasants' income will rise with each passing year, and the living standards of people of all nationalities will become better and better.

In the second part of his speech, Tomur Dawamat stressed the importance of strengthening agriculture's role as the foundation of the national economy and the need to place agriculture ahead of other economic tasks. [passage omitted]

Tomur Dawamat stressed: On no account should we think we have solved the problem of agriculture simply because we reaped bumper harvests in agriculture and livestock breeding for 16 consecutive years; on no account should we think agriculture is not important to the general situation simply because the proportion of its output in the GNP has declined; on no account should we relax our efforts on agriculture simply because we want to accelerate the development of secondary and tertiary industries; and on no account should we believe

we can let go of agriculture simply because we want to develop the market economy. Comrade Deng Xiaoping pointed out: "Should economic problems occur in the nineties, it might well be caused by agriculture," and "Agriculture is the foundation; we must not forget this." We must bear in mind this important instruction and, in the new situation of developing a socialist market economy, continue to uphold the policy of approaching agriculture as the foundation and unwaveringly place agriculture on top of all other economic work.

The third part of Comrade Tomur Dawamat's speech centers on the question of accelerating rural economic development and social progress to achieve the goal of a comfortable living standard. He said: Attaining a comfortable living standard is our strategic task and goal in the nineties. It is the heart of our entire rural work. We must focus on achieving this goal and work to ensure the region's farm and livestock breeding develop to a new level, its rural economy enters a new stage of growth, and the entire countryside undergoes new changes. At present and for some time to come, we must address the following issues: First, we must do everything possible to help the peasants and herdsmen increase their income along with the increase of their production. Second, we must step up our efforts to change the face of the countryside. Third, we must actively advance social progress in the rural areas. Fourth, we must conduct education in the legal system and improve rural areas' social order through comprehensive means to create a favorable environment for attaining a comfortable standard of living. [passage omitted]

The fourth part of Tomur Dawamat's speech sets the goal of establishing a socialist market economy and the primary task of deepening rural reform. He said: To deepen reform, at present we must act in accordance with the general goal set by the 14th National Party Congress on establishing a socialist market economic structure. In-depth reform envisions the cultivation of a sound market structure and incorporates the strengthening of macro guidance, the protection of agriculture, and the acceleration of the pace in the establishment of rural economic operating mechanism and management structure compatible with the socialist market economy. [passage omitted]

Comrade Tomur Dawamat pointed out: The series of basic rural policies shaped in the course of rural reform must be stabilized. We must firmly implement these policies and improve and develop them in practice. To stabilize and perfect the party's basic rural policies, the most important thing is to stabilize and perfect the household-based system of contracted responsibility with remuneration linked to output. [passage omitted]

The fifth part of his speech deals with increasing investment in agriculture and accelerate the development of agriculture and the rural economy. He pointed out: Using the market as guide to adjust rural production structure, optimize the allocation of resources, and

develop a type of farming that provides high yields of fine quality with maximum efficiency is a strategic shift in the principle guiding our rural economic work. All localities should pay attention to bringing into play their strong advantages in geographical location and resources based on agricultural zoning. They should seize the opportunity to make use of their strong points, base themselves on the primary industry while developing the secondary and tertiary industries, and accelerate the pace of readjustment. In adjusting crop mixes, it is necessary to ensure a steady growth of grain output. It is also necessary to accelerate the development of cotton, taking advantage of the current lifting of the restrictions in grain procurement and marketing and the increased demand for cotton by the state. We must strive to make Xinjiang the country's major fine-quality cotton production and export base. [passage omitted]

In the sixth part of his speech, Comrade Tomur Dawamat called for vigorous efforts to build the rural grass-roots organizations. He said: In line with the guidelines of the central rural work conference and Xinjiang's reality, the regional party committee has decided to use another three to five years to carry out the building of grass-roots organizations at the township and village levels. In carrying out the building of grass-roots organizations in rural and pastoral areas, it is necessary to pay attention to distinguishing between different situations and providing guidance accordingly. In reorganizing and building both village and township organizations, the focus should be placed on guiding the peasants and herdsmen toward the market and common prosperity with a comfortable living standard.

Tomur Dawamat lastly discussed the question of further strengthening party leadership over rural work. He asked party committees and governments at all levels to use more energy on rural and pastoral work. [passage omitted]

He pointed out: To strengthen and improve party leadership over rural work, it is necessary to uphold the use of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm ourselves. At present, it is necessary to earnestly study Volume 3 of the *Selected Works of Deng Xiaoping*. Leaders at all levels should regard the study of his theory in practice the paramount task in their rural work and should study it on a long-term basis to produce results. Party and government organizations at all levels should vigorously promote investigation and research and base their major development strategic decisions on science. It is necessary to organize all trades and occupations to serve the countryside and peasants, acquire a correct service attitude, and improve service approaches and standards.

He concluded: To implement the guidelines of the central rural work conference, we must concentrate on the current task and successfully carry out rural work in the coming winter and spring to win the region's 17th consecutive bumper agricultural harvest. [passage omitted]

**Article Reaffirms 'One-China Principle'**

*HK1012080993 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 1 Dec 93 p 5*

[Article by Ding Yi (0002 0044): "The One-China Principle Is Unshakable"]

[Text] After Taiwan's attempt during a previous period to gain recognition as an "equal political entity" and to expand "its international space" ran into snags and was foiled everywhere by people on both sides of the Taiwan Straits, as well as by the international community, the Taiwan authorities recently went so far as to play new tricks on the issue of national sovereignty in total disregard of the national dignity of all the Chinese people. Taiwan's "foreign minister," Chien Fu, was the first to openly urge "less discussion on the issue of one China." Then, Taiwan's "economics minister," Ching Ping-kun, issued a written statement at the Asian-Pacific Economic Cooperation Conference [APEC], saying that the present situation across the Taiwan Straits is marked by the "coexistence of two countries as a result of split sovereignty," and that "Taiwan and the People's Republic of China are two non-subordinate sovereign states."

The series of incorrect remarks made by the Taiwan authorities immediately met with the strong opposition of people in all circles both at home and abroad. People denounce the Taiwan authorities for going against the will of all the Chinese people, violating the principle of one China, brazenly splitting the national sovereignty, and attempting to create "two Chinas" or "one China, one Taiwan" in the international community. We hope that the Taiwan authorities can rein in at the brink of the precipice, and refrain from sliding further and further down the wrong road of splitting the national sovereignty.

"What is of most significance to a country is its unified sovereignty." It is known to all that national sovereignty is the absolute sacred power of an independent state, which tolerates no infringement or split. China is a country that advocates a "general unification," and a unified and prosperous China has always been the goal of struggle for the Chinese people for generations. Over the past many years, the Chinese people have fought bravely to gain national independence and to safeguard national unity, territorial integrity, and national dignity. Today, when the Chinese people are standing tall, like a giant in the East, and are striving to build up our homeland, we will by no means allow or tolerate those who intend to break up the motherland by wantonly splitting national sovereignty.

There is only one China in this world. This is the consensus of people on both sides of the Taiwan Straits and of all the Chinese people in the world, and is also a fact commonly recognized by the international community. Taiwan is an inseparable part of China, and its status is also fixed and unalterable. The two sides of the Taiwan Straits are an inseparable whole, linked by mountains and waters, and the people living on both

sides share the same fate and will not tolerate concepts of "two Chinas" or "one China, one Taiwan." At present, though the two sides of the Taiwan Straits have not yet been unified, the principle of one China upheld by the people on both sides remains unchanged.

With the common efforts of both sides of the Taiwan Straits over recent years, ties across the Straits have undergone development: Economic relations and trade are growing at a rapid pace, nongovernmental visits and various exchanges are expanding, and routine talks have been opened between the two sides, yielding good results. Both sides of the Taiwan Straits now are enjoying a relaxed atmosphere that has never been seen over the past more than four decades. It can be said that such an atmosphere is beneficial to peaceful reunification. It is a pity that the Taiwan authorities do not treasure this hard-won situation. Instead of taking the road of national reunification, the Taiwan authorities have undisguisedly deviated from the principle of one China, and have put forward a "concept of a step-by-step approach to two Chinas [jie duan xing liang ge zhong guo lun 7132 3008 1840 0357 0020 0022 0948 6158]"; what they are trying to do now is aimed at maintaining the present state of Taiwan being severed from the mainland, and also at breaking away from China. People on both sides of the Taiwan Straits must pay close attention to and guard against this trend.

The Chinese Government has urged the Taiwan authorities on many occasions that in order to put an end to the present hostile situation and bring about peaceful reunification, the two sides of the Taiwan Straits should make contacts with each other, hold bilateral talks, and try to solve the Taiwan issue at an early date within the framework of one China. During the Asian-Pacific Economic Cooperation Conference in Seattle, Chairman Jiang Zemin repeatedly reiterated: "Taiwan is one of China's provinces. We are now making continued efforts to bring about the peaceful reunification of our motherland. The two sides of the Taiwan Straits will head for peace, and the most important thing to do at the present stage is to hold talks in whatever form as long as they are carried out under the prerequisite of one China, which refers only to the People's Republic of China." The Taiwan authorities would be well advised to take into consideration of the interests of all the Chinese people, including the 20 million Taiwan compatriots; take positive steps; improve ties between the two sides of the Taiwan Straits; seat themselves at the negotiating table; discuss the grand cause of national reunification together with the Chinese Government; and make a contribution to building up the motherland and rejuvenating the Chinese nation. If the Taiwan authorities are bent on having their own way, and slide further and further along the road of creating "two Chinas" or "one China, one Taiwan," the Chinese Government and the Chinese people will by no means sit idly by and remain indifferent. All those who attempt vainly to split the motherland surely will be cast aside and opposed by all the Chinese people, and be condemned by history.

### Further Reports on Cross-Strait Hijackings

#### Taipei Spokesman on 'New Plan'

OW1012123693 Taipei *Voice of Free China in English*  
0200 GMT 10 Dec 93

[From the "News" program]

[Text] Government spokesman Jason (Hu) said Wednesday [8 December]: The government here has mapped out more concrete and effective plans for solving frequent cross-strait hijackings by Mainland Chinese. But he declined to elaborate on the plan except to say that the plan is working toward how to deal with the mainland hijackers.

After the eighth hijacking of a Mainland Chinese airliner to Taiwan on Wednesday, the problem of whether or not to return hijackers to Mainland China once again became the focus of attention. At any rate, Wednesday's hijacking did not affect the compulsion of sending the hijacked plane and passengers back to the mainland via Hong Kong while detaining the hijacker for trial due to the ROC's [Republic of China] judicial sovereignty.

The government spokesman said: The new plan will be brought up during the forthcoming cross-strait talks between Taiwan's Straits Exchange Foundation and the mainland's Association for Relations Across the Taiwan Strait later this month.

Air Force Chief of Staff (Tao Chi-hsiang) said Wednesday: The ROC Air Force is prepared to intercept and attack any Mainland Chinese military aircraft which violates Taiwan airspace. He made the statement in the Legislative Yuan's chamber in response to lawmakers' question: What would the ROC's reaction have been if mainland jetfighters had followed the hijacked Northern Airlines plane into Taiwan airspace on Wednesday? (Tao) said the Air Force sent two F-5B fighters to intercept the hijacked airplane. Peking [Beijing] had earlier sent four J-6 fighters to try to force the plane back to the mainland. The mainland jets, however, turned back when the Northern Airlines jetliner entered Taiwan airspace.

Also speaking at parliament, Defense Minister Sun Chen said that he cannot rule out the possibility that Peking might be using their hijackers to collect military information and tap Taiwan air defense system.

#### Beijing: Hijackings 'Hard to Avoid'

OW1012102893 Taipei *CNA in English* 0827 GMT  
10 Dec 93

[By Bruce Gilley]

[Text] Hong Kong, Dec. 10 (CNA)—Further hijackings of mainland airliners to Taiwan will be hard to avoid unless the hijackers are returned to Mainland China for prosecution, the vice governor of Fujian Province said Friday [10 November].

Speaking at a seminar in Hong Kong, Zhang Jia-Kun said stepped up security measures at airports should not be allowed to interrupt the normal operation of scheduled flights.

"We can't make things too inconvenient for passengers, otherwise it just wastes their time," he said.

"We can improve the equipment we use, but there's a limit in terms of inspections of passengers and unless the people know they will be returned to the mainland and face serious consequences if they hijack a plane, it will be hard to avoid more incidents," he added.

Zhang said security had been stepped up at Fujian's three international airports of Fuzhou, Xiamen and Wuyishan.

"There are no holes in our system now. This can be seen by the fact that none of the hijackings has involved a plane departing from a Fujian airport," he said.

### Rules Hampering Mainland Workers To Be Lifted

OW1012115593 Taipei *CHINA POST in English*  
30 Nov 93 p 15

[By Alice Hung]

[Text] The government has decided to abandon controversial articles pertaining to security and allow mainlanders with legal permits to work here, the Mainland Affairs Council said yesterday.

During a meeting yesterday, the Cabinet-level Mainland Affairs Council (MAC) agreed that the spy articles will affect cross-strait relations and hurt the government's image in the international community.

MAC Vice Chairman Kao Koong-lian explained that national security, though a prime concern of the government, should not be part of a Taiwan-Mainland Relations Act that aims to promote cross-strait exchanges.

Kao added that the Ministry of Justice will examine other relevant laws where the security articles can fit into.

The "security articles," also known as spy articles, are designed to regulate foreign intelligence activities in Taiwan.

According to the articles, citizens are banned from collecting and disseminating intelligence information and developing organizations for Mainland Chinese political parties, military, administrative or intelligence organizations.

Violators face prison sentences of up to five years, and penalties of up to NT\$1 million.

In addition, the MAC revised 16 other articles in the Taiwan-Mainland Relations Act during yesterday's committee meeting.

Mainlanders who receive legal permits in Taiwan will also be allowed to work here, according to a newly revised article.

Another new revision allows the government to order mainland stowaways, while awaiting repatriation, to serve some labor time here. Kao said it can relieve some of the financial burdens solely carried by the government.

Meanwhile, the Second Mainland Affairs Conference is expected to be held next May, Kao said, adding the conference will promote positive interaction and encourage reciprocal cross-strait exchanges.

#### **Lien Chan Interviewed on Political, Economic Affairs**

*OW1012114893 Taipei CHINA POST in English  
30 Nov 93 p 16*

[By Stephan Grauwels]

[Text] During a visit by leading French journalists yesterday, Premier Lien Chan declared that France and the Republic of China are the perfect complementary trade partners.

During his interview with the political and economic affairs specialists, the premier broached a wide range of subjects.

Taiwan's capital market and high-quality human resources make it a good trade partner with France, which leads the world in research and development of the aerospace industry, highspeed trains and environmental protection, Lien said, adding that he believed the two could cooperate in a large number of areas.

Lien pointed out that joint ventures between the two countries were increasing and that several major French enterprises had set up offices in Taiwan.

When asked about the present state of the Taiwan economy, the premier said the exodus of traditional industries to the mainland and Southeast Asia would lead to the expansion of Taiwan's economic power and to the upgrading of local industry.

The recent Asia Pacific Economic Cooperation forum summit was significant in that it showed each country in Asia wants to see the creation of an open organization for regional cooperation, Lien commented.

On Saturday's [27 November] election, the premier said the Kuomintang had obtained less than 50 percent of the vote because of the nature of the election system. In the poll voters could only select one candidate, which made it harder for a political party to obtain a high percentage, he said.

On Hong Kong's future after 1997, Lien said he believed the colony was too useful to the mainland for Beijing to go back on its promises. On the other hand, Hong Kong

could not only earn foreign exchange for the mainland, but it could also function as a catalyst for change in the mainland itself.

The delegation of French journalists included political and economic specialists from major publications such as LE QUOTIDIEN DE PARIS, LE MONDE DIPLOMATIQUE and L'EXPRESS.

#### **Minister Ready To Respond to U.S. Trade Calls**

*OW1012091593 Taipei CNA in English 0808 GMT  
10 Dec 93*

[By Lillian Lin]

[Text] Taipei, Dec. 10 (CNA)—Economics Minister Chiang Ping-kun Friday [10 December] told Chairman Natale Bellocchi of the American Institute in Taiwan [AIT], that Taipei will respond to U.S. Government calls for import tariff cuts after a thorough review of the demands.

The AIT chief called on Minister Chiang in the morning to exchange views on a number of topics including tariff concessions, patent law, and Taiwan's plan to develop into a regional business operations center.

Bellocchi asked Chiang about Taipei's plan to assume Hong Kong's role as an Asia-Pacific regional business operation center. Chiang explained that the Ministry of Economic Affairs is promoting the idea with the hope of advancing Taiwan's industrial structure through the establishment of strategic alliances with foreign countries.

Chiang also said that discussions continue about Taiwan's patent law and its effect on parallel imports of genuine products. Final say about the patent law would be up to the legislators, he added.

Bellocchi arrived in Taipei Monday for a routine 15-day business inspection tour.

#### **Former Mongolian Prime Minister Received by Li**

*OW1012093393 Taipei CNA in English 0819 GMT  
10 Dec 93*

[By Debbie Kuo]

[Text] Taipei, Dec. 10 (CNA)—The Republic of China [ROC] is willing to help Mongolia develop a prosperous economy and political democracy, president Li Teng-hui said Friday [10 December].

During a meeting with Former Mongolian Prime Minister Dashiyn Byambasuren, Li said the ROC is pleased to help Mongolia because of the close cultural and historical ties between the two countries.

"Assistance is definitely not based on political considerations," Li explained.

Li said Taipei has granted financial and technical aid to countries in Africa and Latin America and the ROC should begin to pay more attention to Mongolia as Mongolians are just like a part of the big Chinese family.

In an earlier meeting Thursday, Premier Lien Chan told the former Mongolian prime minister that Taiwan businessmen have been encouraged to invest in Mongolia.

"It (investment) would be an effective way to help boost mutual understanding and upgrade economic development in your country," Lien told Byambasuren.

Lien said the ROC should designate Mongolia as a major recipient of financial and other kinds of aid. He added that an exchange of trade missions would be another method to attract more Taiwan investments to Mongolia.

Face-to-face communication and personal inspections of potential investment sites, Lien said, would help traders from both sides to better understand their markets.

Byambasuren thanked Lien for Taipei's various donations of text books, rice and personnel training.

He also clarified misunderstandings about the distribution of Taiwan donations. Alleged wrongdoings led to corruption scandals involving Byambasuren and several Taiwan merchants which were reported in the local media here.

Byambasuren stepped down from his post last year, but remains an influential figure in Mongolia. He now heads the Mongolian Development Foundation.

He is visiting Taiwan in the company of his wife.

**Economic Ministry on NAFTA Ratification**  
*WA1012171093 Taipei CHING CHI JIH PAO in Chinese 19 Nov 93 p 2*

[Summary] The Ministry of Economic Affairs [MOEA] said ratification of the draft North American Free Trade Agreement [NAFTA] by the U.S. House of Representatives is favorable to Taiwan's investment but not its trade since 80 percent of Taiwan's exports to the United States are duplicated by Mexican products. Vice Economic Affairs Minister Yang Shih-chien said the United States is still Taiwan's largest market, but Taiwan will lose many orders once NAFTA becomes effective. The ministry has begun to plan an investment strategy in Mexico to counter the expected loss. However, an official of the Council for Economic Planning and Development is not optimistic about investing in Mexico for several reasons, including language, distance, and higher labor costs than in the PRC. NAFTA is not expected to affect Taiwan's trade significantly within three to five years, but Taiwan may have to further disperse its export market in the long-run in view of the duplication of its exports with Mexican products.

**Taipei To Increase Foreign Economic Assistance**  
*WA1012171893 Taipei CHING CHI JIH PAO in Chinese 24 Nov 93 p 2*

[Summary] The Ministry of Economic Affairs has decided to increase the use of its foreign economic and cooperation development fund, loaning \$289 million to sixteen countries including Vietnam and Costa Rica. It will also provide various technological aid to developing nations, and plans to use as much as \$3.7 billion in funds in the future. Hsiao Wan-chang, chairman of the Council for Economic Planning and Development, said on 23 November Taiwan should expand the scope of its international aid as part of an important plan for Taiwan to join various international economic and trade organizations.

**Hong Kong****Government Gazettes Electoral Reform Bill**

*HK1012034493 Hong Kong AFP in English 0327 GMT 10 Dec 93*

[Text] Hong Kong, Dec 10 (AFP)—Hong Kong has gazetted a “watered-down version” of Governor Chris Patten’s electoral reform bill despite China’s objection, a government spokesman said Friday.

The partial electoral reform package will be submitted to the Legislative Council for discussion Wednesday, and the government hopes it will be passed by March next year.

Hong Kong reverts to Chinese sovereignty in 1997 and Beijing, which views Patten’s reforms as an attempt to slip a greater degree of democracy into the British colony’s political system ahead of the handover, has harshly criticised the measures.

The 13-page electoral provision bill provides a single seat, single vote system of voting for geographical constituency elections, lowering of the voting age from 21 to 18 years old, and abolition of appointed membership in the district board and municipal councils. It would also allow Hong Kong residents who are members of the Chinese People’s Congress to run for elections and hold office in the Legislative Council.

Earlier, Chinese officials claimed the British side had refused to discuss the issue in the 17 rounds of Sino-British negotiations on Hong Kong’s political future.

The core of the dispute is arrangements for 1994 district board and 1995 Legislative Council elections in Hong Kong—the last to be held under Britain’s Union Jack.

A day before the controversial bill was gazetted, or published for discussion in the local legislature, China instructed its Hong Kong Preparatory Working Group, a euphemism for a shadow government, to “speed up its work” in response to Patten’s decision to press ahead with democratic reforms.

China has warned that if Patten gazetted the bill for Legislative Council discussion, it would end its participation in Sino-British talks and stage fresh elections as soon as possible after July 1, 1997.

**Gazetting Term 'Serious Step'**

*OW1012120293 Beijing Central People's Radio Network in Mandarin 1030 GMT 10 Dec 93*

[From the “National Hookup” program]

[Text] In response to reporters’ questions on the gazetting by the British Hong Kong authorities of parts of their legislative draft, a Foreign Ministry spokesman said today: The British Hong Kong authorities on 10 December gazetted parts of the legislative draft of their political reform package. This is yet another serious step

taken by the British side in the face of the Chinese side’s objections and warnings to deliberately undermine [po huai] Sino-British talks on arrangements for the 1994-95 elections in Hong Kong.

The Chinese side would like to reiterate: Submission of the political reform package to the Legislative Council by the British Hong Kong authorities before an agreement is reached in Sino-British talks means the termination [zhong zhi] of the talks. The British side must be responsible for all consequences arising therefrom.

**U.S. ‘Concerned’ at UK ‘Concessions’ on Reform**

*HK1012114393 Hong Kong SOUTH CHINA MORNING POST in English 10 Dec 93 p 6*

[By Simon Beck in Washington]

[Text] Top United States Government officials have expressed concern over British concessions to China on Hong Kong’s political reform package, according to legislator Martin Lee Chu-ming.

On a trip to Washington, Mr Lee said officials wanted a full briefing on why the Patten proposals—which President Bill Clinton backed last summer—were likely to be watered down before going to Legco.

The impressive array of top officials who met Mr Lee yesterday was a clear indication of Hong Kong’s importance in U.S. foreign policy.

The United Democrats’ chairman had separate meetings with Acting Secretary of State Peter Tarnoff, Assistant Secretary of State for Human Rights John Shattuck, Assistant Secretary of State for East Asian Affairs Winston Lord, and National Security Council policy chief Sandy Berger.

Mr Lee also had talks with senior members of the Congress and Senate, who promised to closely follow the situation.

Mr Lee said: “I told them my concern was that if these amended proposals were kept, we would not have a legislature after 1997 which would preserve freedoms under the rule of law. The legislature would just be a rubber stamp.”

The officials stressed their support for more democracy in Hong Kong, and for the terms of the Joint Declaration, he said.

Mr Shattuck said: “Democratic participation was one of the pillars of President Clinton’s foreign policy, and we certainly hope to secure a commitment to continued participation on the part of the Hong Kong citizens, and a protection of the basic rights of Hong Kong citizens.”

U.S. legislators also agreed in principle to set up a U.S.-Hong Kong Parliamentary Friendship Group.

### Reportage on Preparatory Work Committee Session

#### Tasks Facing Group Examined

HK1012033293 Hong Kong WEN WEI PO in Chinese  
9 Dec 93 p 2

[“Special article” from Beijing by the WEN WEI PO news team: “A Guiding Thought for the Preliminary Work Committee”]

[Text] 8 Dec—The Preliminary Work Committee [PWC] for the Preparatory Committee of the Special Administrative Region [SAR] will hold its second plenary session tomorrow in Beijing. Judging from the overall climate, the session will probably be devoted to discussing the situation in Hong Kong and the tasks and missions facing the PWC. All signs here seem to indicate that the Chinese side has ceased to hope for a stable and smooth transition based on cooperation with the British, but is trusting the transition to its own people, who will pursue the work strictly in accordance with the Basic Law. There is reason to believe that this is going to be the guiding thought for the PWC in its meetings, studies, and tasks.

#### Producing a Method of Their Own

Committee members, who arrived in Beijing today, have spoken about the upcoming discussion on the committee's work agenda. In general, many committee members share the following view: It has always been thought that China and Britain could cooperate. Therefore, the political affairs panel has been working under the policy of staying ready for either one of the two scenarios. Now that the situation has changed and there is not going to be a “through train,” does it mean that other panels should be equally ready for either one of the two scenarios? In other words, from now on, the PWC must take an entirely different angle in planning for its work, namely, it must produce a set of workable methods to ensure a smooth transition for Hong Kong in the absence of Britain's cooperation.

The PWC was created five months ago. During these five months, the five special panels on political affairs, economic affairs, law, culture and education, and law and order met a number of times and submitted outlines of their work to the committee. What has been learned from the informal briefings of panel conveners is that the committee has a great deal of work to do over the next three transition years. What are the things that the PWC considers more important and urgent and would address first?

#### The First Priority for the Political Affairs Panel

Summing up the views of committee members stated in interviews with WEN WEI PO reporters, we find that they broadly agree on the focuses of their work:

The political affairs panel: Without a doubt the first priority for the panel is to discuss methods for producing the first legislature for the SAR and electoral arrangements for the 1994 district boards and the urban and municipal councils. When Chris Patten tables the constitutional reform package that violates the “three conformities” to the Legislative Council for discussion, he will be embarking on a deliberate path of confrontation. What the PWC should—and must—do is state clearly its position to the people of Hong Kong, which is strictly in line with the requirements of the Basic Law. At the same time, discussion should move to specific issues about Hong Kong's executive-led political system, such as the composition and functions of the future executive council. This is another issue that requires priority handling by the panel.

Suggestions from the economic panel members are: Easing the traffic jams at the Huanggang entry point in Man Kam To should be a priority item on the panel's agenda. As the mainland and Hong Kong economies are developing rapidly and the date of the 1997 handover is approaching, discussion about solving the “bottleneck” problems constraining both sides in order to meet demands posed by economic development is very relevant and practical for Hong Kong's economy. Another outstanding problem concerns the management of the land fund. Estimated to reach 100 billion Hong Kong dollars by 1997, the land fund will be an important asset for Hong Kong. As the prospects for land fund management are not clear, it has been difficult to retain and recruit talent. Therefore, it is very important to have an opinion on the effective management of this fund as soon as possible.

#### Retirement and Pension Issues

There is another outstanding issue facing the economic affairs panel, the management of the Hong Kong new airport. As Lu Ping, Hong Kong and Macao Affairs Office director, pointed out earlier when meeting with the visiting delegation of the Democratic Alliance for the Betterment of Hong Kong in Beijing: In a sense, the management of the new airport is more important than the construction of a new one, because it involves longer-term interests, which include such issues as whether Hong Kong can maintain its status as an international air transportation center.

Members of the law panel suggested that the scrutiny of laws that exist under the present Hong Kong justice system be listed as the first focus of their work.

Members of the law and order panel suggested that citizens' exit and entry, the definition of their nationality, and retirement and pension issues be the preliminary focuses of their work. Retirement and pension issues have caught the attention of different social circles. A workable solution for these issues should contribute to social and economic stability in an important way, and this is also one of the focuses of the panel's work.

**Members of the culture and education panel suggested two priorities out of its many heavy tasks: 1. Active propaganda for the Basic Law; 2. Providing guidance that is in line with the Basic Law and the history of Hong Kong to counteract the misinformation in Hong Kong school books that has resulted from Hong Kong's historical situation.**

**'Text' of Qian Qichen Speech**

*HK1012124093 Hong Kong WEN WEI PO in Chinese  
10 Dec 93 p 5*

[“Text” of Qian Qichen’s Opening Speech at Plenary Session of Preliminary Working Committee”]

[Text] Beijing, 9 Dec (WEN WEI PO)—Committee members,

The Second Plenary Session of the Preliminary Work Committee (PWC) of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) has now opened.

Since the First Plenary Session held in July of this year, the work done by our PWC has mainly been the formulation of working plans. This is a basic work, intended to make more definite various tasks of preparations assigned to us by the Standing Committee of the National People’s Congress for China to restore sovereignty over Hong Kong in 1997, for a smooth transition, and to fix targets for work in future. To this end, the Political Affairs Subcommittee, the Economic Subcommittee, the Legal Affairs Subcommittee, the Cultural Affairs Subcommittee, and the Social and Security Affairs Subcommittee, have held many meetings. The Political Affairs Subcommittee and the Economic Subcommittee have held two meetings to seriously, carefully, and thoroughly discuss various matters within the working scope of respective subcommittees.

All committee members have thrown themselves into the work with a strong sense of responsibility and with a serious and enthusiastic attitude. Committee members from Hong Kong in particular have made nothing of hardships and have shuttled back and forth between Beijing and Hong Kong. Sometimes they have even rushed back from abroad to attend meetings in Beijing. Several committee members who came from Hong Kong to attend the last meeting of the Economic Subcommittee were delayed for some time at the airport because of bad weather and were only able to fly to Beijing on the following day. The meeting lasted past 2300 that night. Such a strong sense of responsibility and devotion to work are the fundamental guarantee to the inevitable success of our work. All subcommittees have completed as scheduled their work of formulating working plans. This shows our PWC has made a good start. All committee members have been working hard! I wish to express my thanks to you all.

In the four months or so since the PWC began operating, people in all walks of life in Hong Kong have shown

enthusiastic support for the work of the PWC. They have reflected in various forms and through various channels opinions on the work of the PWC. Some have personally visited members of the PWC in Hong Kong and others have written letters or made telephone calls to the Secretariat of the PWC or the Communications Office set up in Hong Kong. During this period, many organizations and personalities visited Beijing to personally air their views. All their views and suggestions were given serious consideration and appropriately absorbed in the course of the formulation of working plans by various subcommittees. All this shows that our work is open and democratic. Just as I said in my opening speech at the First Plenary Session, we shall continue to carry forward democracy in our work, draw on collective wisdom and absorb all useful ideas, and unite with the broad masses of Hong Kong compatriots to participate in all preliminary work for the preparations of the establishment of the Hong Kong SAR.

In the course of formulating working plans, we have grasped two principles. One is to firmly grasp issues related to the smooth transition and handing-over of sovereignty and regard them as main topics and basic contents of the working plans. The other is to link issues which are universally concerning to the society of Hong Kong or issues of immediate concern to Hong Kong compatriots with the working plans of the subcommittees. Whether they are specific issues in political, economic, and legal aspects or those in social, people’s livelihood, and cultural aspects, consideration is given in accordance with the above two principles. This has enabled our work to keep in line with the resumption of exercising sovereignty, the maintenance of Hong Kong stability and prosperity, and safeguarding of the interests of Hong Kong compatriots. It can be said with certainty that this approach and direction are correct. After Hong Kong Governor Chris Patten issued the policy address this year, the Political Affairs Subcommittee held its second subcommittee meeting in the beginning of November. It focused its discussion on the timing for the PWC to discuss the specific ways to form the first legislative council. They pointed out at that time that the PWC must be prepared for both eventualities. On the one hand, it is hoped that an agreement can be reached in the Sino-British talks. This will be conducive to the smooth transition of Hong Kong. On the other hand, it is also necessary to be prepared for a failure in reaching an agreement. If, before an agreement is reached between the Chinese and British sides on the electoral arrangements for 1994-95, the British Hong Kong Government tables its bill in the Legislative Council, the subcommittee must immediately study the proposal on the specific formation of the first legislative council of the Hong Kong SAR and submit it to the plenary session for discussion. I think that acting in this way is our responsibility and it also shows our work is realistic and flexible. It is regrettable that the recent round of talks came to a deadlock because the British side lacked sincerity and raised obstacles. Not long ago, the British

Hong Kong authorities openly announced that the so-called partial constitutional reform bill will be submitted to the Legislative Council for discussion. Under these circumstances, it is necessary to speed up the work of the PWC and the responsibility of all committee members will be heavier. The present Second Plenary Session of the PWC will seriously discuss this question.

What should be specially mentioned is that many committee members have done a lot of work outside meetings, such as organizing departments or social strengths to conduct preliminary investigation and study on some important issues. The "Hong Kong 'One Country, Two Systems' Economic Research Center," which is in the charge of Vice Chairman T.K. Ann, has offered on its own initiative to provide free services for committee members in Hong Kong carrying out their work. I would like to express my heartfelt thanks for Ann, other committee members, and people concerned who have enthusiastically carried out or assisted in the work of the PWC. Besides, the Secretariat and its Hong Kong Communications Office have also done a great deal of concrete work. The smooth progress of the work of the PWC is inseparable from them.

All committee members at this meeting will listen to the work reports of various subcommittees, examine and discuss working plans formulated by the subcommittees, and these plans shall be examined and approved by the meeting of chairmen according to working rules of the PWC. Once the working plans are fixed, various subcommittees will enter a stage of substantive work. Various subcommittees will, in accordance with the planned schedule, seize the time to work. We are glad to see that as 1 July 1997 is drawing near, more and more compatriots and personalities of various sectors in Hong Kong are conscientiously standing on the side of safeguarding Hong Kong's stability and prosperity and smooth transition and have formed powerful social strength that holds back all attempts to undermine stability and prosperity, or to obstruct a smooth transition.

That Volume 3 of the *Selected Works of Deng Xiaoping* has been put on sale to the public is a great event in the political life in our country. In particular, there are many speeches in it which involve the Hong Kong issue. The publication of these documents is of great significance in guiding the work of our PWC.

Not long ago, the CPC Central Committee held the Third Plenary Session of the 14th CPC Central Committee and adopted the "Decision on Issues Concerning the Establishment of a Socialist Market Economic Structure." The Decision proceeds from the basic conditions of our country, has drawn the basic framework for the establishment of the socialist market economic structure in our country, and is the program for building the socialist market economy. It can be anticipated that after the Third Plenary Session of the 14th CPC Central Committee, and with the implementation of the Decision, the cause of reform and opening up in our country

will certainly develop further. After the session, President Jiang Zemin attended the unofficial meeting of leaders of the Asia-Pacific Economic Cooperation Forum, held an official meeting with U.S. President Bill Clinton, and met with leaders of many countries. He then visited some other countries. All this shows that both the domestic situation and the international situation are developing in a favorable direction.

In the final analysis, the future of Hong Kong is closely linked with that of the motherland. A China which is developing vigorously, which is more and more prosperous with each passing day, and which enjoys an increasingly higher international position, will certainly provide the most realistic safeguard for maintaining Hong Kong's stability and prosperity and will undoubtedly increase the centripetal force and the sense of identification of the Hong Kong compatriots toward the motherland. With the backing of our powerful motherland, and with the support of the broad masses of Hong Kong compatriots, we shall surely be able to do the work of the PWC well as long as we continue to carry forward the spirit of uniting together with utmost sincerity and close cooperation!

#### Zhou Nan Doubts Continued Talks

HK1012024593 Hong Kong TA KUNG PAO in Chinese  
9 Dec 93 p 2

[“Dispatch” by staff reporter Li Kuo-chung (2621 0948 1813): “Zhou Nan Agrees To Increase Number of Preliminary Work Committee Members, and Stresses That It Is Not Worth Refuting Hong Kong Governor’s Remarks”]

[Text] Beijing, 8 Dec (TA KUNG PAO)—Zhou Nan, director of the Hong Kong Branch of XINHUA, said in Beijing today that he agrees with an increase in the number of members of the Preliminary Work Committee for the Preparatory Committee of the Hong Kong Special Administration Region [the Preliminary Work Committee]; yet he said no announcement will be made by this plenary meeting, for the issues need to be approved by the Standing Committee of the National People's Congress, which is not in session at the moment. Zhou Nan, who is also a member of the NPC Standing Committee, denied knowledge of the exact number that will be added to the Preliminary Work Committee, he only said that “it is still too early to tell” and the outcome will not reach the public for two months.

On the Hong Kong governor's charges that the Preliminary Work Committee does not enjoy credibility in Hong Kong, Zhou Nan, who is attending a meeting called by the committee in Beijing, pointed out that the Hong Kong governor's remarks “are not worth refuting.”

Questioning recent moves by the Hong Kong governor, who submitted his constitutional package to the Legislative Council on the one hand and put forward a date for a new round of talks on the other, Zhou Nan asked:

"How can it be called sincerity? Is it not a great hypocrisy? Where lies the possibility for reopening the talks?"

He hoped that the situation will not have a severe impact on Hong Kong: "It is our wish to cooperate. Yet if the other side does not want to cooperate with us, what else can we do? That is what we call 'the tree may prefer calm, but the wind will not subside.'" Moreover, he believed that so long as the Hong Kong people view China's present situation favorably, the situation in Hong Kong will unlikely turn for the worse.

In another development, after attending today's meeting called by the cultural affairs section of the Preliminary Work Committee, Zhou Chengkui, who is also director of the Information Bureau of the State Council, confirmed that the NPC Standing Committee will convene a meeting in Beijing at the end of this month, and the issue of increasing the number of members of the Preliminary Work Committee cannot be decided until after that meeting.

He shared the view with others that it is necessary to appropriately increase the number of members of the Preliminary Work Committee at an appropriate time.

**Wu Weiyong on Cultural Work in Hong Kong**  
*OW1012103193 Beijing XINHUA Domestic Service in Chinese 1020 GMT 9 Dec 93*

[Text] Beijing, 9 Dec (XINHUA)—Wu Weiyong, director of the cultural group under the Preparatory Work Subcommittee of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], today made a work report at the Second Plenary Session of the Preparatory Work Subcommittee.

Wu Weiyong said: In accordance with the decision made at the First Session of the Preparatory Work Subcommittee, over the last five months the cultural group has focussed on mapping out a work program. It has now accomplished the task of formulating its work program. He said: Based on the spirit of "one country and two systems," relevant regulations of the Basic Law, and the principle of keeping Hong Kong's original system basically unchanged, the group has conducted investigations and studies and put forward its opinions and suggestions about cultural matters relating to the changeover of sovereignty and the peaceful transition of Hong Kong in 1997. According to the regulations stipulated in Chapter 6 of the Basic Law, cultural matters, including education, science, culture, physical education, religion, labor, and social service, fall within the SAR's high degree of autonomy. Matters in this respect, so long as they do not have direct relations with the changeover of sovereignty and the peaceful transition of Hong Kong in 1997, should be left for the SAR government to handle by itself.

Wu Weiyong said: Cultural matters are mostly formed by history and restricted by various social conditions. The group should proceed from realities and handle its

work with great care. While putting forward opinions and suggestions, it should follow the regulations of the Basic Law, proceed from Hong Kong's history and realities, and pay attention to maintaining the basic pattern and characteristics of Hong Kong's original cultural system. He said: Cultural matters, most of which are closely linked to Hong Kong's society, are of concern to Hong Kong residents. The group should lend its ear to the opinions expressed by the broad masses of Hong Kong residents about any cultural matter which has caused widespread concern among them. It should conduct necessary investigations and studies and raise appropriate suggestions or opinions.

Wu Weiyong said: As the date for officially implementing the Basic Law is getting closer, the task of publicizing and promoting the Basic Law is greater than before. Making the Basic Law's letter and spirit known to every household, and helping them find their way ever deeper into the people's hearts through publicity and promotion, will eliminate many of society's misinterpretations and misunderstandings. By doing so, it will greatly benefit the smooth transition of Hong Kong in 1997. Although all groups have something to do with publicizing and promoting the Basic Law, it would be more appropriate for the cultural group to handle this task. Therefore, committee members suggested including this task in the cultural group's work for the purposes of study.

Wu Weiyong said: Based on the above-mentioned consensus, members of the committee agreed to summarize the main contents of the group's work program in the following three aspects: 1) Strengthening efforts to publicize and promote the Basic Law; 2) soliciting the opinions of various circles in Hong Kong on current systems and policies on education, science, technology, culture, media, public health, medical and pharmaceutical services, physical culture, religion, and others, and conducting investigations and studies; 3) Collecting widely information about cultural issues of common concern to Hong Kong residents, and putting forward opinions and suggestions on the basis of collected information to the Hong Kong SAR Government for use as reference in formulating policies after 1997.

In conclusion, Wu Weiyong said: During the discussions, members of the committee also exchanged opinions about matters related to the group's work, such as education, revision of textbooks, and the languages to be used in the SAR after 1997. They also exchanged views on matters concerning academic credentials, professional qualifications, eligibility for practicing professions, and participation in activities sponsored by international organizations and international games by Hong Kong's nongovernmental organizations, including sports organizations. Opinions were also exchanged about matters concerning the names, emblems, flags, and seals of Hong Kong's public institutions, as well as holidays, honorary titles, and stamp designs in Hong Kong after 1997. Members of the committee held that the above-mentioned matters should be included in the program as

subjects of the group's investigations and studies. As to how to deal with these matters, members of the committee held that suggestions could be made in accordance with the situation after conducting studies. The group also discussed its working methods and the division of work among members of the committee.

### **Lu Ping Seeks 'Full Details' of Talks**

*HK1012114193 Hong Kong SOUTH CHINA MORNING POST in English 10 Dec 93 p 1*

[Report by Linda Choy in Beijing]

[Text] A key Chinese official in charge of Hong Kong affairs yesterday challenged Governor Chris Patten to disclose full details of the negotiations on the electoral arrangements for the territory.

Lu Ping, the director of the State Council's Hong Kong and Macao Affairs Office, said China would do the same, once both sides agreed.

Mr Patten said on Wednesday the British side would be willing to disclose what happened in the 17 rounds of talks if the Chinese thought it was helpful to Hong Kong and Sino-British relations.

Responding to Mr Lu's challenge yesterday, the Governor's spokesman, Mike Hanson, said Mr Patten stood by the offer.

Chinese officials had taken a swipe at Mr Patten for deciding to table part of the changes he wants to make, saying that if Hong Kong people knew what had transpired in the talks, they would realise he was a dishonest person.

"Does he (Mr Patten) have the courage to disclose all the records and documents (of the talks)?" Mr Lu asked during the discussion in Beijing yesterday on speeding up preparations for the first Special Administrative Region government.

"I challenge him to do so. If the two sides agree on it we must disclose all the details" he said.

The Chinese side had no illusions that the bilateral talks could continue now Mr Patten had decided to table his electoral bill to the Legislative Council [Legco], he added.

Yesterday a few details of what had gone on behind the closed doors of Diaoyutai Villa No 10 during the 17 meetings between Sino-British negotiators began to emerge.

China's negotiator Vice-Foreign Minister Jiang Enzhu reportedly said he had suggested that the question of whether to allow deputies to the National People's Congress (NPC) to run in elections be left until the second stage of negotiations—on the 1995 Legco elections.

In his briefing to the full session of the Preliminary Working Committee (PWC), Mr Jiang said the proposal was made in the 17th round of talks held at the end of last month.

PWC member Rita Fan Hsu Lai-tai said: "According to what Mr Jiang told us, the Chinese position was quite different from what British and Hong Kong sources had always depicted.

"Instead of the Chinese changing all the time, asking for different things in the 15th and 16th rounds of talks, Mr Jiang said the Chinese had always been consistent."

Mr Jiang proposed that the rights of the NPC deputies to stand for Legco be dealt with after an agreement on the 1994 district board and municipal elections had been finalised.

This should be discussed with the single-seat, single-vote voting method for Legco.

This version of what happened conflicts with the account given by Mr Patten in his address to Legco last week.

Mr Patten had said: "Clearly the Chinese side had no objection in principle to an interim agreement encompassing Legco issues," quoting the Chinese proposal on the NPC deputies' election rights as an example.

PWC member Professor Lau Siu-kai said if details of the talks were made public a clearer judgment on the development of the Sino-British negotiations could be made.

Another PWC member and Legislative Councillor, Tam Yiu-chung, said he believed disclosure would not cause any further disruption in Hong Kong society.

"The disclosure of details does not lead to the termination of the talks," Mr Tam said.

"As Mr Jiang and (Foreign Minister) Mr Qian (Qichen) told us this morning, the negotiations were stopped because the British decided to table the bill prior to an agreement."

### **Committee To Speed Up Work on New Polls**

*HK1012114293 Hong Kong SOUTH CHINA MORNING POST in English 10 Dec 93 p 6*

[By Doreen Cheung in Beijing]

[Text] The China-appointed working body dealing with Hong Kong's sovereignty transfer is to speed up its preparatory work to pave the way for fresh elections in 1997, under the assumption that no Sino-British agreement will be reached on electoral reform.

Members of the Preliminary Working Committee (PWC) for the Special Administrative Region Preparatory Committee will continue group discussions today on plans drafted by the sub-groups on political, economic, legal, cultural and education affairs and law and order.

The plans will be formally endorsed in the closing ceremony of the second PWC plenary session at the Diaoyutai State Guest House tomorrow.

After meeting Chinese premier Li Peng following the closing ceremony, members will return to the Hong Kong Macao [as published] Centre, where the sub-groups will start concrete discussions in accordance with their working plans.

The political sub-group will start discussing the formation of the first Special Administrative Region (SAR) legislature.

A PWC member, Raymond Wu Wai-yung, said the most pressing topic would be to devise a mechanism for the SAR government to conduct an election in 1997.

"We should decide whether to introduce legislation for the 1997 polls. If this is not necessary, we would have to consider what other mechanisms are needed," he said.

The details of electoral arrangements in 1997 would come second, he said.

Asked if it were desirable to devise the 1997 electoral model first to provide a chance for legislators to adopt the model for the 1995 polls to ensure convergence Mr Wu said it was not necessary.

He said he doubted whether legislators would be willing to follow the PWC's model and he would rather see the SAR government hold fresh elections in 1997.

Another member, Rita Fan Hsu Lai-tai, said she hoped the 1995 and 1997 models would be similar to ensure a higher chance of convergence even in the absence of a Sino-British accord.

Responding to a speech by Foreign Minister Qian Qichen at the opening ceremony yesterday, a Hong Kong member, Lau Siu-kai, said China had changed its strategy towards Hong Kong.

Instead of holding talks, Beijing was now taking the initiative to deal with transitional matters by itself, he said.

Although Mr Qian had not mentioned any general issues, the law and order sub-group had already taken the lead by saying on Wednesday that it would make suggestions concerning law and order matters before 1997.

The mainland convenor of the law and order sub-group, Tian Qiyu, yesterday denied such a move would interfere in pre-1997 affairs.

"The British Hong Kong Government will hold the entire responsibility for law and order in Hong Kong before 1997. The PWC only studies matters on law and order concerning Hong Kong people," he said.

PWC member Tsang Yok-sing also stressed that the committee would only make suggestions for the preparatory panel and the SAR government.

"We are neither empowered to take any measures to interfere in current policies nor adopt a confrontational attitude towards Britain," he said. [sentence as published]

#### Patten's Remarks on Work Committee 'Ridiculous'

*HK0912141093 Hong Kong TA KUNG PAO in Chinese  
9 Dec 93 p 12*

[Report: "Zhang Junsheng Says It Is Ridiculous for Chris Patten To Talk Glibly About Credibility"]

[Text] Three deputy directors of XINHUA Hong Kong Branch responded on different occasions yesterday to Hong Kong Governor Chris Patten's repeated remarks doubting the credibility of the Preliminary Work Committee of the Preparatory Committee of the Hong Kong Special Administrative Region. They asked whether it was not ridiculous for Patten, a person sent to Hong Kong as a governor, to talk glibly about credibility.

At the request of a reporter, Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, pointed out in response to Hong Kong Governor Patten's remarks made a few days ago: Patten's remarks are extremely ridiculous. As a governor sent by a foreign government to Hong Kong, he has no right to talk glibly about the issue of so-called credibility.

After attending the opening ceremony for the "Paintings of Huang Zhou Exhibition" yesterday, Zhang Junsheng said: Mr. Patten has attacked the Preliminary Work Committee again and again and has talked glibly about so-called credibility. With regard to credibility, what credibility does Patten have? On what strength did he come to Hong Kong as a governor? Is it not ridiculous for him, a governor sent to Hong Kong by a foreign government, to talk glibly about credibility?

Zhang Junsheng added: Mr. Patten had not even read the Letters Patent and Royal Instructions of his home country before coming to act as governor of Hong Kong. This is really ridiculous! He neither read the Letters Patent and Royal Instructions, nor did he read the Sino-British Joint Declaration. If people say that he did not read the Basic Law either, he will certainly deny this because he says he reads the Basic Law more than the Bible.

Zhang Junsheng said: It is also very ridiculous for Patten to say he does not believe that the Chinese side would dissolve the Legislative Council [Legco] in 1997. If no agreement between China and Britain is reached and Legco is unilaterally elected under the manipulation of the British side, is it not ridiculous to force this Legco on the future government of the HKSAR and allow it to straddle 1997?

When interviewed by reporters yesterday afternoon, Ulan Mulun, deputy director of XINHUA Hong Kong Branch, also said: A foundation is needed for the talks

between China and Britain and, since the British side has willfully departed from the foundation of the "three conformities" and has gone farther and farther, it is unable for the two sides to proceed with the talks.

Another deputy director Zhu Yucheng said when interviewed by reporters yesterday that Hong Kong Governor Patten should not play down the credibility of the Preliminary Work Committee for the Preparatory Committee of the Hong Kong Special Administrative Region. In fact, committee members are conscientiously making preparations for the establishment of Legco in 1997, which will be entirely different from a Legco used as a tool of the Hong Kong governor. Therefore, the six million Hong Kong people are clear about who does or does not enjoy credibility.

**'Sino-British Joint Liaison Group' Meeting Ends**  
*OW1012084693 Beijing XINHUA Domestic Service in Chinese 0729 GMT 10 Dec 93*

[By reporter Shi Lujia (2457 7627 0163)]

[Text] London, 9 Dec (XINHUA)—The 28th meeting of the Sino-British Joint Liaison Group, which opened on 7 December, ended here today. The two sides did not announce the date and venue for the next meeting.

A press communique released at the end of the meeting says: This meeting further discussed a variety of technical issues that need to be resolved during Hong Kong's transitional period, such as the future of land in Hong Kong currently used for defense purposes, international rights and obligations, Hong Kong's civil aviation agreements, investment protection agreements between Hong Kong and other countries, and implementation of the clauses in the Sino-British Joint Declaration regarding residency in Hong Kong after 1997.

The communique says: The two sides will determine the date and venue for the next meeting separately.

Speaking at a press conference after the meeting, chief Chinese delegate Guo Fengmin said: This meeting was held when the basis for Sino-British cooperation on the Hong Kong issue had been undermined. The work undertaken by the liaison group was affected as a result. He said: Although the issues under discussion by the group differ from those discussed on other occasions by China and Britain, the basis for discussion remains the same; that is, they must accord with the spirit of the Joint Declaration and converge with Hong Kong's Basic Law. He pointed out: This meeting did not reach an agreement on certain specific issues. The responsibility does not rest with the Chinese side at all.

Guo Fengmin also noted: Even in the absence of cooperation from the British side, the Chinese side is fully confident and capable of maintaining continued stability and prosperity in Hong Kong.

**UK Blamed for 'Blocking Progress'**

*OW0912233693 Beijing XINHUA in English 2310  
GMT 9 Dec 93*

[Text] London, December 9 (XINHUA)—China today blamed Britain for blocking progress in the Joint Liaison Group (JLG) talks by undermining the Sino-Britain Joint Declaration through its so-called democracy proposals.

Speaking at a press conference held at the end of the three-day JLG meeting here, Guo Fengmin, China's chief negotiator, said that the current meeting was held against the background that the foundation for cooperation between the two countries on Hong Kong has been undermined by the British side.

That, he said, could not but have negative effect on the work of the JLG.

He noted that although the agenda items of the JLG are somewhat different from those of China-Britain talks in other forums, the foundation for all discussions, however, should be the same, that is the Sino-British Joint Declaration and convergence with the Hong Kong Basic Law.

Therefore, he said, the responsibility for failure to reach agreement on some technical issues during this meeting lies totally not on the Chinese side.

He expressed the belief that even without cooperation from the British side, China has both confidence and capability to ensure the prosperity and stability in Hong Kong together with the people there, both before and after 1997.

This was the 28th meeting of the JLG, which was charged with working out the practical aspects of the 1984 Sino-British Joint Declaration to ensure smooth transfer of the sovereignty of Hong Kong to China in 1997.

A joint communique issued after the end of the meeting said that the next meeting of the JLG will take place at the time and place to be agreed by the two sides later.

**NPC Subcommittees Define Functions of Groups**

*OW0912164293 Beijing XINHUA in English 1510  
GMT 9 Dec 93*

[Text] Beijing, December 9 (XINHUA)—China today took a further step in preparing the future shape of the administration of Hong Kong, following its resumption of sovereignty over the territory in 1997.

The heads of five subcommittees of a body under the Standing Committee of the National People's Congress [NPC] defined the functions of their respective groups here today.

The subcommittees are under the preliminary working committee for setting up the preparatory committee for the Hong Kong Special Administrative Region (SARA).

In his report, Leung Chun-ying, head of the political affairs subcommittee, spoke on eight issues, including his group's functions, namely, making proposals on political affairs regarding the successful transfer and smooth transition of political power in Hong Kong in 1997.

Other issues included the establishment of the preparatory committee of the Hong Kong SAR, specific methods for establishing the first government and the first Legislative Council of the Hong Kong SAR, the stability of the civil service in Hong Kong, the transition of authority over judicial departments in Hong Kong and the handling of any aspects of Hong Kong's current political system that contradict the Basic Law of the Hong Kong SAR.

In her report, Neui Fong Wong Kut-man, head of the economic subcommittee, defined the functions of her group and prescribed the range of the group's functions.

She said that members of her group should put forward proposals on major economic issues concerning the transfer of political power in Hong Kong in 1997.

She said that her group should focus on four areas in defining the scope of its functions: major economic affairs relating to the transfer of political power in Hong Kong in 1997; affairs that must be geared to stipulations pertaining to economic affairs contained in the Basic Law; matters that will have a great impact on the economy of the Hong Kong SAR; and questions that must be resolved before 1997.

In his report, Shao Tianren, head of the legal affairs subcommittee, said that his group's major function is to study Hong Kong's existing laws and propose ways of solving the problem of any aspects of those laws contradicting the Basic Law. It will also study how to enforce the Basic Law, and propose methods of enforcing, in the Hong Kong SAR, national laws that should apply to Hong Kong as stipulated in the Basic Law.

In her report, Reta Fan, head of the social and security affairs subcommittee, said that her group's main function is to study and put forward proposals regarding social and security issues that will transcend 1997 and are likely to have a great impact on the interests of the Hong Kong SAR.

She said that members of her subcommittee will focus their future work on four areas: immigration control as applicable to Hong Kong, improving public security, tightening discipline among police officers and other law-enforcement officials, and social services.

In his report, Dr. Raymond Wunai-yung, head of the cultural affairs subcommittee, said that his group's main

function is to study and put forward proposals concerning matters in the cultural sphere relating to the transfer.

In accordance with the Basic Law, the cultural area covers such sectors as education, science, culture, sports, religion, labor and social services.

### District Board Chairmen Support Beijing's Stand

*OW0912164593 Beijing XINHUA in English 1502  
GMT 9 Dec 93*

[Text] Hong Kong, December 9 (XINHUA)—Chairmen of 19 district boards in Hong Kong Wednesday [8 December] issued a statement, supporting a proposition by the Chinese side to resume the appointment system in the boards after 1997 in the future Hong Kong Special Administrative Region (SAR).

The statement focused on three points: Firstly, the boards reiterated they supported the appointed seat system in the boards.

Secondly, they would be worried and disappointed if Governor Chris Patten tables the partial reform bill to the Legislative Council and makes the Sino-British talks on the 1994-95 elections come to an end.

Thirdly, according to their understanding, China and Britain basically share no difference on the electoral arrangements on the district boards. Thus the two sides should, first of all, reach agreement on this issue and make the term of office for the board members stride 1997 [as received].

Only one chairman did not render support to the first point.

In another development, some more social organizations and noted figures continued to criticize Patten for sabotaging the Sino-British talks and causing bilateral confrontation, regardless of the Hong Kong people's interests.

Also yesterday, three deputy directors of XINHUA News Agency Hong Kong branch described Patten's words as ridiculous as he doubted about the credibility of the members of the preliminary working committee of the preparatory committee for the future SAR.

Zhang Junsheng said it was ridiculous that Patten said he did not believe that the Chinese side might dissolve in 1997 the Legislative Council. Why the future Special Administrative Region government must keep the Legislative Council manipulated by the Hong Kong British authorities stride 1997 if the two sides now fail to reach an agreement on the electoral arrangements? Zhang asked.

Ulan Mulun said the talks need a basis, but at present the British side has violated the basic law and the Sino-British Joint Declaration and agreements which had been reached. So the two sides cannot go on with the talks.

Zhu Yucheng said Patten should not belittle the credibility of the preliminary working committee members. In fact, the members are preparing for establishing the future Legislative Council in 1997, he added.

**UK Firms Assured on Sino-UK Ties, Investments**

*HK1012122293 Hong Kong SOUTH CHINA MORNING POST in English 10 Dec 93 p 6*

[By Linda Choy in Beijing]

[Text] British companies were yesterday given another assurance that their investments in China would not suffer because of the deteriorating Sino-British relations over Hong Kong.

The deputy director of China's Commission on Economy and Trade, Yu Xiaosong, said the development of Sino-British economic ties depended on whether the British were willing to invest in the mainland.

Citing the example of the United States, Mr Yu said: "Relations between the US and China have been tense in the past few years as a result of their attempts to impose sanctions through the Most Favoured Nation trading status. But American investment in our country is still growing every year."

Mr Yu, also a member of the economic sub-group of the Preliminary Working Committee (PWC) for the post-1997 government, said the Sino-British deadlock would not affect the economy of Hong Kong.

He stressed that the Chinese Government would abide by the Basic Law and try to maintain the stability and prosperity of Hong Kong during the transition.

Meanwhile, another PWC member, deputy head of the Public Security Bureau Tian Qiyu, said China would "immediately" embark on a scheme to allow mainland-born children of Hong Kong residents to settle in the territory.

Mr Tian did not specify the date for the launch of the programme but said the estimated 75,000 children would be allowed to go to Hong Kong in phases.

"It will begin very soon and definitely be conducted in different phases," he said.

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